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Publishing Department
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Phone: ++385 1 45 64 555
Contact phone: ++385 1 45 65 006
Fax: ++385 1 45 64 687

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Summary

Unfavourable economic developments continued in 2009. They influenced the composition of bank balance sheets, causing their slower growth and reducing bank earnings. The annual growth of bank assets stood at 2.2%, generated entirely in the second half of 2009. The sources of funding were much more scarce and expensive in 2009 than in 2008. Since domestic deposits grew only slightly, banks, notably large ones, relied more on funding from their foreign parent banks. The negative economic trends and the growth of loan losses resulted in a low volume of lending and intensified activities aimed at extending collection deadlines and at loan rescheduling. Due to reluctance to incur additional risks and to a smaller demand for loans, in particular from households, banks channelled their lending mostly to the sector of government units. The bulk of the growth in loans granted to this sector was reported in the first quarter of 2009, partially brought about by the change in foreign currency liquidity regulations.

The rise in the foreign sources of funds, together with growing insecurity and depreciation expectations, led to the continuation of the currency restructuring of bank balance sheets and an increase in the share of the foreign currency component of assets and liabilities. Moreover, the intensity of this restructuring was somewhat stronger in 2009 than in 2008. The long open foreign exchange position of banks slightly widened but remained significantly below the prescribed maximum. The growth in funding from foreign parent banks and the seasonal recovery of deposits in the second half of 2009 were mainly used by banks for the investment in low-risk and highly liquid assets and thus strengthened their liquidity reserves.

Bank loans granted (gross) went up by 3.3% in 2009, and the slowdown in bank lending activities was the result of the decline in household loans, which in the previous ten years had been the key contributor to the growth of bank loan portfolios. Notwithstanding a slight growth in home loans, all other types of loans to households experienced a fall, with car purchase loans decreasing the most in relative terms. The consequence of the unfavourable economic conditions was the undermined ability to repay bank loans, especially on the part of enterprises. As a result, banks increased efforts to extend time limits for payment and reschedule loans, and thus avoided reporting higher amounts of loan losses. The amount of partly recoverable and irrecoverable loans (B and C loans) rose sharply (63.2%), contributing to the deterioration in the key indicator of loan quality – the proportion of B and C loans in total loans, which increased from 4.9% at the end of 2008 to 7.8% at the end of 2009. The bulk of the increase in B and C loans was accounted for by loans to enterprises and then by loans to households. Despite a perceptible increase in value adjustments, the coverage of B and C loans by value adjustments continued to trend downward and stood at 42.8%.

After-tax profits of banks stood at HRK 3.3bn at the end of 2009, down by 28.9% compared with the end of 2008. The return on average assets (ROAA) and the return on average equity (ROAE) went down to 1.1% and 6.7% respectively. The surge in provisions for loan losses was the main cause of the fall in profit. In addition, the fall in net interest income, mainly under the influence of the growth in interest expenses, led to a noticeable slowdown in the growth rate of bank net income. As a result, the higher amount of operating income (income before loss provisions) was exclusively the result of the strong growth in other non-interest income, notably profit from derivatives trading, and the strong control of costs. The profit from derivatives trading was predominantly the result of using the

derivatives as a hedge against currency and interest rate risks and offset the losses from exchange rate differentials and the rise in the costs of funding.

Owing to high capital investment and the withholding of a major share of the profit generated in previous years, the banking system remained stable in 2009 despite a perceptible fall in profitability. The slowdown of banks' business activities and the growth in placements to less risky sectors, together with the increase in regulatory capital, pushed up the capital adequacy ratio, which increased from 15.16% at the end of 2008 to 16.43% at the end of 2009.

1 Performance Indicators of Banking Institutions

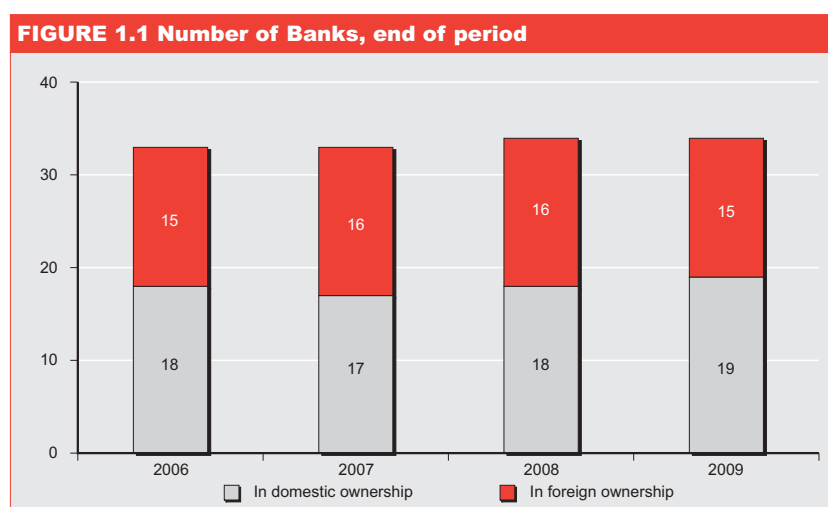
At the end of 2009, there were 39 institutions operating in the banking sector of the Republic of Croatia: 32 banks, two savings banks and five housing savings banks. Since the end of 2008, the number of banks had decreased by one, due to the merger between Slavenska banka d.d., Osijek and Hypo Alpe-Adria-Bank d.d., Zagreb. The entry of A štedna banka malog poduzetništva d.d., Zagreb into the banking sector increased the number of savings banks to two.

The share of bank assets (including savings banks) in total assets of credit institutions had increased since the end of 2008, totalling 98.3%, while the share of assets of housing savings banks accounted for 1.7%.

1.1 Banks

1.1.1 Structure of Banks in the Republic of Croatia

For analysis purposes, banks (including savings banks) have been divided into three peer groups: large, medium-sized and small banks.¹ At the end of 2009, there were 6 large banks operating in the Republic of Croatia, their number remaining unchanged since the end of 2008. The number of medium-sized banks fell from four at the end of 2008 to three at the end of 2009 due to the merger between Slavenska banka d.d., Osijek and Hypo Alpe-Adria-Bank d.d., Zagreb in the first quarter of 2009. As A štedna banka malog poduzetništva d.d., Zagreb started operating in April 2009, the number of small banks increased by 1.



¹ See Attachment I, List of Banking Institutions by Peer Groups, end of period.

The merger between a medium-sized and a large bank provided the biggest contribution to the increase in the share of large bank assets in total bank assets, from 79.4% at the end of 2008 to 82.7% at the end of 2009. The rise in the share of large banks was also the result of the growth in the assets of four banks from the same group in 2009 relative to 2008, and, the effects of the mentioned merger excluded, total large bank assets grew by 2.7%. In contrast to large banks, the share of total medium-sized bank assets in total bank assets decreased from 12.5% at the end of 2008 to 9.1% at the end of 2009. In addition to the effect of a decrease in the number of medium-sized banks, this change was also due to a decline in the assets of all the remaining banks in that group relative to the end of 2008, so that the annual rate of decline in total assets of medium-sized banks, the effects of the mentioned merger excluded, stood at 2.6%. The fastest annual growth in total assets relative to the end of 2008 was seen in the group of small banks (3.2%), mainly owing to high growth rates of assets of individual small banks. This led to a slight increase in the share of assets of this group of banks in total bank assets; from 8.1% at the end of 2008 to 8.2% at the end of 2009 (Table 1.1).

TABLE 1.1 Bank Peer Groups and Their Share in Total Bank Assets, end of period

	Dec. 2006		Dec. 2007		Dec. 2008		Dec. 2009	
	Number of banks	Share	Number of banks	Share	Number of banks	Share	Number of banks	Share
Large banks	6	80.2	6	79.0	6	79.4	6	82.7
Medium-sized banks	4	12.0	4	12.9	4	12.5	3	9.1
Small banks	23	7.8	23	8.1	24	8.1	25	8.2
Total	33	100.0	33	100.0	34	100.0	34	100.0

Despite an increase in the number of domestically-owned banks (by one) after A štedna banka malog poduzetništva d.d., Zagreb started operating, the share of domestic bank assets in total bank assets fell by 0.3 percentage points from the end of 2008. This was due to the fall from 4.5% to 4.2% in the share of assets of banks in majority state ownership caused by a 4.3% fall in total assets of these banks from the end of 2008. Assets of domestically owned private banks rose by 2.8%, but their share in total bank assets remained equal to that at the end of 2008.

TABLE 1.2 Ownership Structure of Banks and Their Share in Total Bank Assets, end of period

	Dec. 2006		Dec. 2007		Dec. 2008		Dec. 2009	
	Number of banks	Share	Number of banks	Share	Number of banks	Share	Number of banks	Share
Domestic ownership	18	9.2	17	9.6	18	9.4	19	9.1
Domestic private ownership	16	5.0	15	4.9	16	4.9	17	4.9
Domestic state ownership	2	4.2	2	4.7	2	4.5	2	4.2
Foreign ownership	15	90.8	16	90.4	16	90.6	15	90.9
Total	33	100.0	33	100.0	34	100.0	34	100.0

Owing to the merger of Slavenska banka d.d., Osijek and Hypo Alpe-Adria-Bank d.d., Zagreb, the number of banks in foreign ownership fell by one (Table 1.2). Assets of banks in majority ownership of foreign shareholders rose by 2.5% compared to the end of 2008 and their share in total bank assets increased by 0.3 percentage points and stood at 90.9%.

The number of banking groups subject to reporting to the Croatian National Bank through their superordinate banks, pursuant to the Decision on consolidated financial reports of a banking group,² went down from eight to seven.³

2 OG 17/2003.

3 For the composition of individual banking groups, see Attachment II, Banking Groups Subject to Reporting to the CNB on a Consolidated Basis.

1.1.2 Territorial Distribution of Banking Business Networks and Concentration in the Banking Sector

At the end of 2009, banks had 1297 operating units, up by 47 operating units or 3.7% from the end of 2008. The number of ATMs (including those that are owned by other companies but may be used by clients of individual banks) went up by 259 or 7.7% relative to the end of 2008, meaning that at the end of 2009 banks were offering their services through 3601 ATMs (Table 1.3).

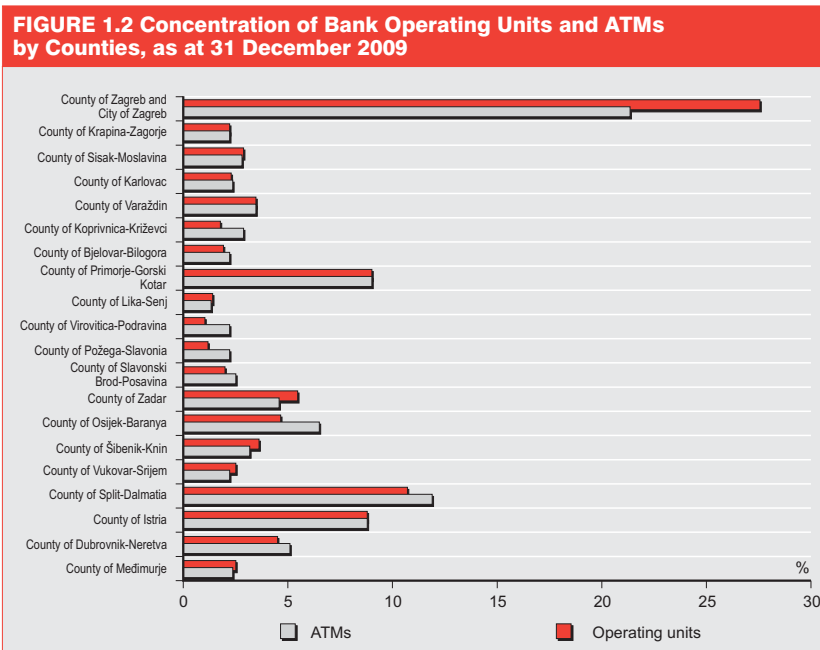
The County of Zagreb and the City of Zagreb continued to account for by far the largest share of operating units and ATMs, their number increasing relative to the end of 2008. There were 22.2% of all operating units in this area, in which 28.2% of all ATMs were installed. By the size of its share in the total number of operating units and ATMs, the next to follow was the Split-Dalmatia County where the shares of operating units and ATMs stood at 11.8% and 10.7% respectively. The share of operating units exceeded 5% in another three counties: County of Primorje-Gorski Kotar (8.8%), County of Istria (8.8%) and County of Osijek-Baranya (6.7%). The share of ATMs exceeded 5% in the following three counties: County of Primorje-Gorski Kotar (9.1%), County of Istria (8.5%) and County of Zadar (5.4%).

TABLE 1.3 Territorial Distribution of Operating Units and ATMs, end of period

	Dec. 2006		Dec. 2007		Dec. 2008		Dec. 2009	
	Operating units	ATMs	Operating units	ATMs	Operating units	ATMs	Operating units	ATMs
County of Zagreb and City of Zagreb	229	740	251	848	261	914	288	1,017
County of Krapina-Zagorje	28	50	30	65	30	77	30	83
County of Sisak-Moslavina	35	80	37	90	36	100	37	103
County of Karlovac	24	61	27	67	30	79	30	84
County of Varaždin	40	93	43	105	46	126	45	123
County of Koprivnica-Križevci	36	44	37	51	37	62	35	66
County of Bjelovar-Bilogora	23	52	23	58	29	62	28	67
County of Primorje-Gorski Kotar	106	260	112	283	116	307	114	327
County of Lika-Senj	15	38	17	43	17	49	19	50
County of Virovitica-Podravina	27	36	29	36	29	37	29	38
County of Požega-Slavonia	25	32	25	30	29	38	27	43
County of Slavonski Brod-Posavina	27	49	29	57	33	72	33	70
County of Zadar	46	137	53	152	56	177	61	196
County of Osijek-Baranya	68	125	71	147	75	160	87	169
County of Šibenik-Knin	40	92	38	106	39	118	42	132
County of Vukovar-Srijem	24	57	29	70	31	82	30	94
County of Split-Dalmatia	131	279	141	320	148	355	153	386
County of Istria	109	234	109	265	111	292	114	307
County of Dubrovnik-Neretva	58	110	60	125	67	152	64	162
County of Međimurje	27	72	28	77	30	83	31	84
Total	1,118	2,641	1,189	2,995	1,250	3,342	1,297	3,601

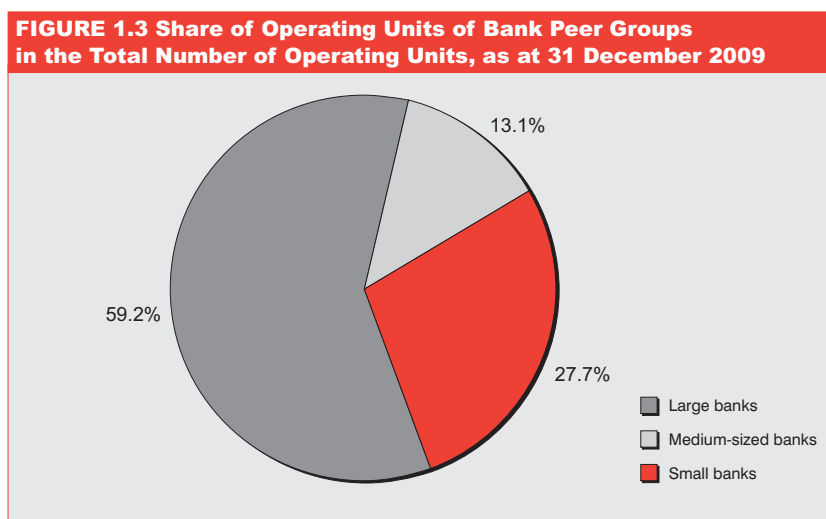
At the end of 2009, the average number of inhabitants⁴ per operating unit in the Republic of Croatia totalled 3421 and the number of inhabitants per ATM 1232. The smallest number of inhabitants per operating unit and ATM, i.e. the highest concentration, were still in the County of Istria, where there were 1810 inhabitants per operating unit and 672 inhabitants per ATM. The lowest concentration of operating units was registered in the County of Vukovar-Srijem, where there were 6826 inhabitants per operating unit. The largest number of inhabitants per ATM was registered in the County of Slavonski Brod-Posavina (2525).

4 Source: CBS (the number of inhabitants per county).

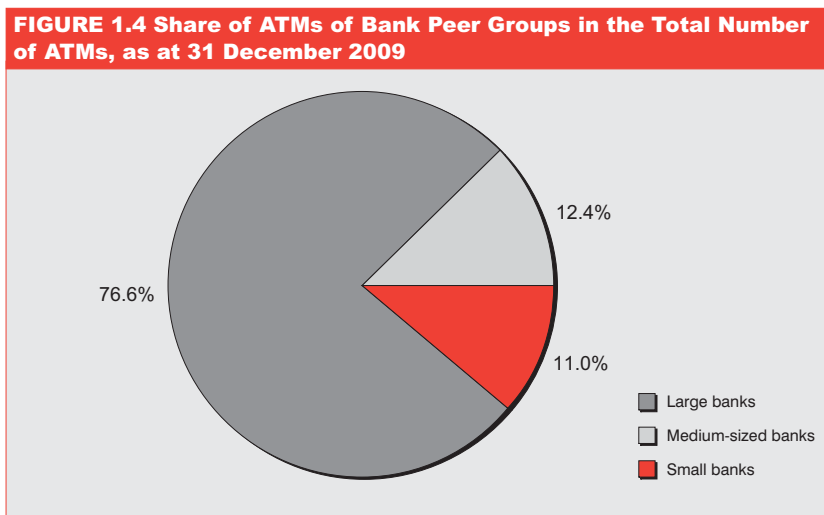


Four large banks operated in all counties in the Republic of Croatia. The largest number of banks (30) operated in the County of Zagreb and the City of Zagreb, while the lowest number of banks (8) operated in the County of Lika-Senj and the County of Krapina-Zagorje. Four small banks, each through a single operating unit, operated in the territory of one county only.

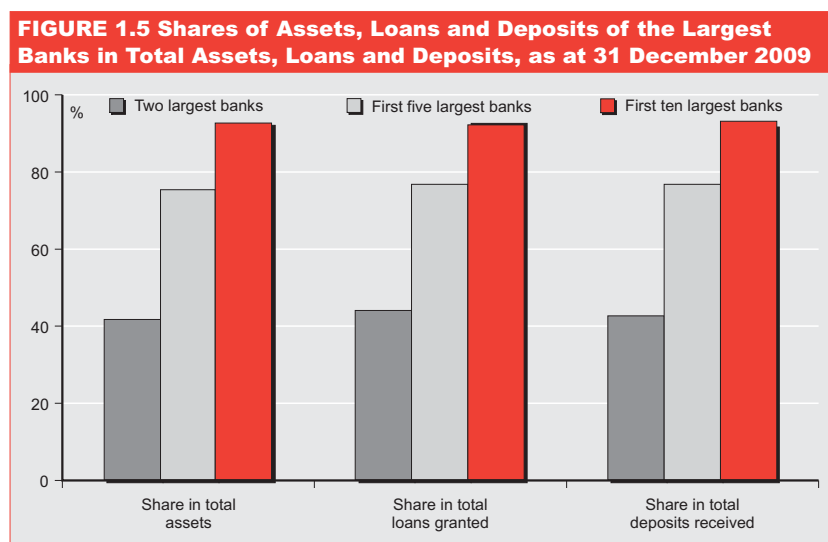
Large banks increased the number of their operating units from 720 at the end of 2008 to 768 at the end of 2009, accounting for 59.2% of the total number of bank operating units. At the end of 2009, the number of operating units owned by medium-sized banks had fallen by 16 since the end of 2008 and the medium-sized banks now had a total of 170 units, or 13.1% of all bank operating units. The decrease in the number of operating units of medium-sized banks and the concurrent increase in the number of operating units of large banks was in part the result of the above-mentioned merger between one medium-sized bank and one large bank. Small banks had 359 operating units, up by 15 operating units relative to the end of 2008, and accounted for 27.7% of the total number of operating units in the Republic of Croatia (Figure 1.3).



At the end of 2009, large banks had 2760 ATMs or 76.6% of all ATMs. ATMs of medium-sized and small banks accounted for 446 (12.4%) and 395 (11.0%) respectively of the total number of ATMs. At the end of 2009, seven small banks still had no ATMs.



For the purpose of analysing the concentration of shares of assets, loans and deposits in the banking sector, data on the assets levels of the ten largest banks are monitored. In the concentration analysis, banks are divided into three groups. The first group consists of the two largest banks, the second of the five largest banks, while the third group consists of the ten largest banks. Concentration is defined as the share of the amounts of assets, loans and deposits of individual bank groups in the total amount of the respective balance sheet items of all banks (Figure 1.5).



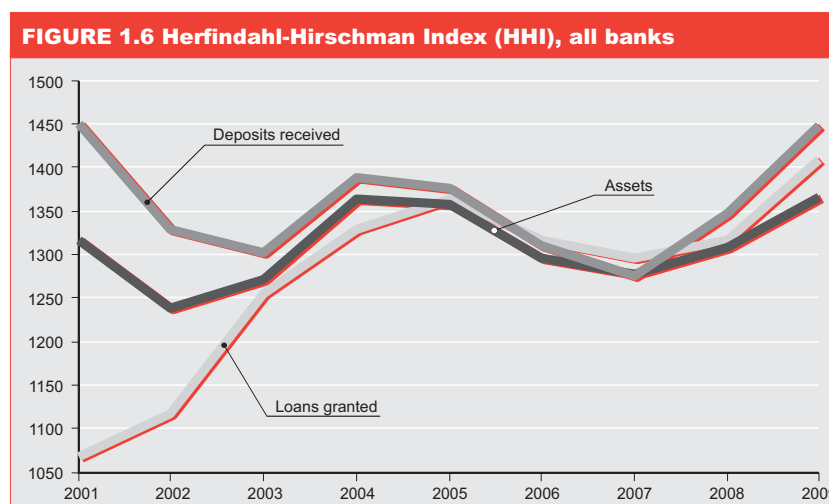
Almost each concentration had increased by the end of 2009 relative to the end of 2008, the biggest changes being observed in the group consisting of the five largest banks. This was partly due to the merger between the ninth largest bank in terms of assets at the end of 2008 (Slavonska banka d.d., Osijek) and the fifth largest bank (Hypo Alpe-Adria-Bank d.d., Zagreb). Hence, the share of assets of the five largest banks in total bank assets rose by 3.2 percentage points (to 75.4%), while the share

of their loans in total net bank loans and the share of their deposits in total bank deposits went up by 4.2 and 5.3 percentage points (to 76.4% and 76.6%) respectively.

The two largest banks significantly increased their share in total net bank loans, by 2.4 percentage points or to 44.1%. The share of the two largest banks in total bank assets increased slightly, to 41.7%, while the share of their deposits in total deposits fell negligibly, to 42.6%.

The share of assets of the ten largest banks in total bank assets rose negligibly relative to the end of 2008, by 0.7 percentage points or to 92.5%. The increase in the share of their deposits in total deposits was slightly higher (2.1 percentage points); at the end of 2009, it stood at 93.1%. After trending down by 0.3 percentage points, the share of loans of the ten largest banks in total net bank loans stood at 92.0%.

Such increases in asset concentration, loans granted and received deposits of large banks led to the continued growth of the Herfindahl-Hirschman index (HHI). Its increase, relative to the end of 2008, was the highest in deposits received (100 units), while the increase in loans granted and assets was 93 and 58 units respectively. The HHI for deposits was the highest, totalling 1448 units, and the HHI for loans and assets stood at 1409 units and 1366 units respectively.



1.1.3 Bank Balance Sheet and Off-Balance Sheet Items

Total bank assets amounted to HRK 378.4.4bn at the end of 2009, an increase of HRK 8.1bn or 2.2% relative to the end of 2008 (Table 1.4). Bank assets fell by 0.2% in the first half of the year, the growth in 2009 being the result of an increase in more liquid and less risky types of assets in the second half of the year. The slight growth in 2009 represents the continuation of the slowdown in the growth of assets observed since 2007 when the measure on the subscription of compulsory CNB bills was first applied to banks whose assets grew at a rate higher than permissible.⁵

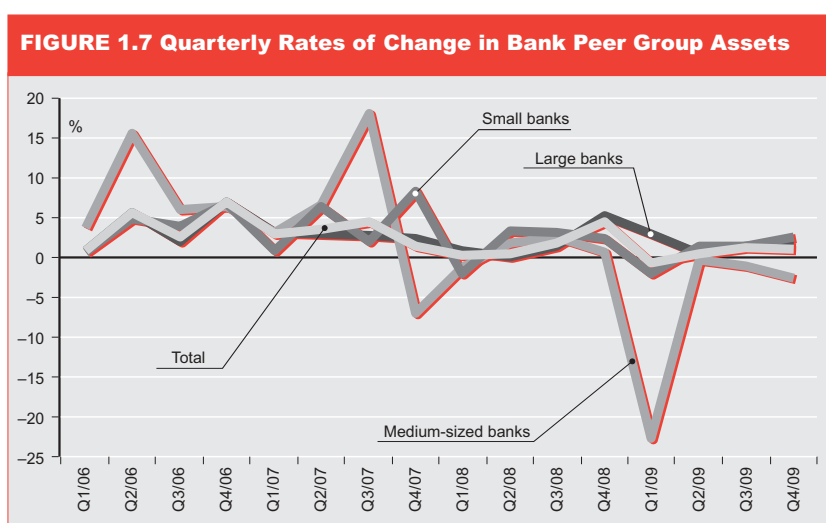
⁵ This measure was repealed at the end of November 2009.

TABLE 1.4 Structure of Bank Assets, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Dec. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	49,615.2	16.3	51,415.9	14.9	3.6	42,671.2	11.5	-17.0	47,673.1	12.6	11.7
1.1. Money assets	3,931.0	1.3	4,551.7	1.3	15.8	5,394.3	1.5	18.5	5,430.9	1.4	0.7
1.2. Deposits with the CNB	45,684.2	15.0	46,864.2	13.6	2.6	37,276.9	10.1	-20.5	42,242.2	11.2	13.3
2. Deposits with banking institutions	26,005.6	8.5	35,118.0	10.2	35.0	35,592.9	9.6	1.4	32,741.9	8.7	-8.0
3. MoF treasury bills and CNB bills	8,077.2	2.7	8,748.7	2.5	8.3	10,062.5	2.7	15.0	9,366.8	2.5	-6.9
4. Securities and other financial instruments held for trading	7,730.4	2.5	8,515.5	2.5	10.2	6,840.0	1.8	-19.7	5,522.4	1.5	-19.3
5. Securities and other financial instruments available for sale	12,678.2	4.2	11,326.4	3.3	-10.7	12,480.3	3.4	10.2	14,000.5	3.7	12.2
6. Securities and other financial instruments held to maturity	3,311.9	1.1	3,536.7	1.0	6.8	4,798.8	1.3	35.7	4,012.2	1.1	-16.4
7. Securities and other financial instruments not traded in active markets but carried at fair value	460.1	0.2	700.0	0.2	52.1	669.0	0.2	-4.4	1,644.9	0.4	145.9
8. Derivative financial assets	280.9	0.1	276.0	0.1	-1.8	121.9	0.0	-55.8	212.4	0.1	74.2
9. Loans to financial institutions	4,035.4	1.3	6,949.8	2.0	72.2	5,796.7	1.6	-16.6	6,065.1	1.6	4.6
10. Loans to other clients	183,740.0	60.3	209,319.6	60.7	13.9	240,808.0	65.1	15.0	246,363.2	65.1	2.3
11. Investments in subsidiaries and associates	1,675.5	0.6	1,703.9	0.5	1.7	1,774.1	0.5	4.1	1,980.9	0.5	11.7
12. Foreclosed and repossessed assets	445.6	0.1	355.7	0.1	-20.2	391.7	0.1	10.1	604.9	0.2	54.5
13. Tangible assets (net of depreciation)	4,434.1	1.5	4,510.4	1.3	1.7	4,503.8	1.2	-0.1	4,372.3	1.2	-2.9
14. Interest, fees and other assets	4,788.2	1.6	5,471.0	1.6	14.3	6,624.6	1.8	21.1	6,889.5	1.8	4.0
15. Net of: Collectively assessed impairment provisions	2,672.6	0.9	2,866.2	0.8	7.2	3,042.4	0.8	6.1	3,079.5	0.8	1.2
TOTAL ASSETS	304,605.3	100.0	345,081.4	100.0	13.3	370,093.0	100.0	7.2	378,370.6	100.0	2.2

The slowdown in the growth of bank assets relative to previous years was the consequence of the worsening of the economic and financial situation in the country and abroad in 2009, with the 2009 asset growth rate being the lowest since 1999. The negative economic trends were reflected in the low volume of lending due to reluctance by banks to increase their credit risk exposure and to a smaller demand for loans, in particular from households.

Compared with the end of 2008, assets decreased in 14 banks: one large bank, all the three medium-sized banks and ten small banks. Despite a fall in the assets of a significant number of small banks, it was exactly this group of banks that witnessed the highest annual growth rate of assets (3.4%), owing



to a marked growth in the assets of the majority of the remaining banks from this group. Assets of medium-sized banks shrank by 2.6%, while assets of large banks rose by 2.7%.⁶

The CNB took measures aimed at preserving the liquidity and stability of the system late in 2008⁷ and, in 2009, an additional amount of earlier immobilised assets was made available to banks with the primary aim of providing finance for budgetary needs, i.e. lending to government units. In the first quarter of 2009, the foreign currency liquidity measure was changed twice, i.e. the minimum required coverage between foreign currency liabilities and foreign currency claims was first decreased from 28.5% to 25% and then to 20%.⁸ As this facilitated the withdrawal of deposits held with foreign banks, total deposits with banking institutions went down significantly in the first half of 2009, by more than HRK 6bn (17.2%). In the second half of 2009, notably in the last quarter, there was a growth in deposits, but of weaker intensity. Hence, deposits held with other banks decreased by a total of HRK 2.9bn or 8.0% over the observed one-year period. In contrast, the amount of deposits with the CNB rose by almost HRK 5.0bn (13.3%) relative to the end of 2008, mainly due to the increase which took place in the last quarter of the year as a result of a significant increase in the settlement accounts and the amount of other deposits with the CNB (overnight deposits) in the framework of increased efforts towards reserve liquidity creation in the second half of 2009.

Bank lending activities in 2009 were much weaker than in previous years. Loans granted rose by HRK 5.8bn or 2.4% net in 2009, exclusively as a result of an increase in the first quarter of the year following changes in foreign currency liquidity regulations that resulted in a visible growth in loans to government units. In the next two quarters of 2009, loans to this sector continued to grow, though at a much slower pace. The amount of loans to government units declined in the last quarter of 2009, while loans to enterprises increased. However, the bulk of the growth in loans to enterprises recorded at that time was channelled to state-owned enterprises. Regardless of the last-quarter fall, the amount of loans to government units rose sharply on an annual level (46.7%), resulting in a significant increase in their share in the sectoral distribution of net loans during the observed one-year period, from 8.7% at the end of 2008 to 12.5% at the end of 2009. The amount of net loans to enterprises almost held steady, increasing only 0.7% from the end of 2008. Hence, the share of loans to enterprises in the sectoral distribution of net loans fell to its lowest level so far – 37.5%.

A considerable annual growth in loans to households was standard in the preceding years, and although it slowed down somewhat, in 2007 and 2008 it still contributed the most to the growth of total bank loans. But in 2009, there was no such growth, and the amount of net loans to households declined by more than HRK 4.8bn (4.0%). This resulted in a marked decrease in the share of the household sector in the distribution of net loans, from 49.8% at the end of 2008 to 46.7% at the end of 2009. Notwithstanding a slight growth in home loans (1.0%), all types of loans to households experienced a fall relative to the end of 2008, the largest decrease taking place in other loans: cash and general-purpose loans, utilised lines of credit and other loans (HRK 2.9bn or 5.5%). In relative terms, the decrease in car purchase loans was most significant at 19.5%.

6 To show all changes across bank groups, in this Banks Bulletin we have excluded the effect of the merger of Slavenska banka d.d., Osijek with Hypo-Alpe-Adria Bank d.d., Zagreb, unless indicated otherwise in the text.

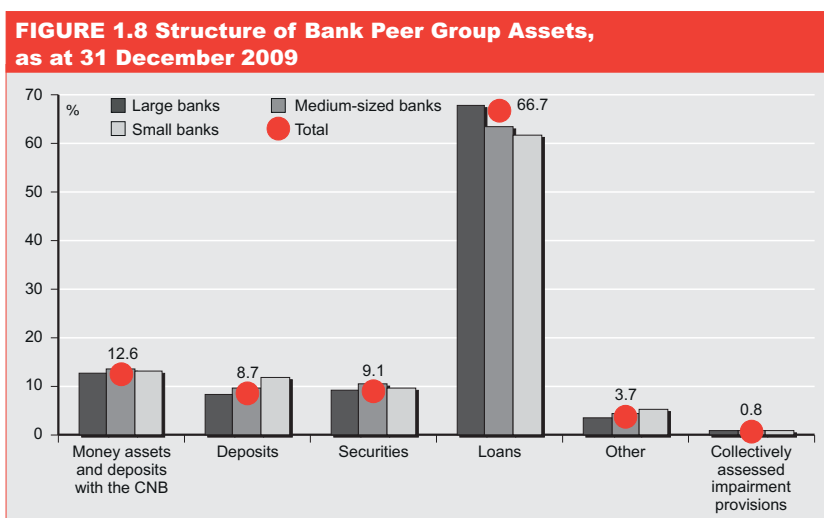
7 The marginal reserve requirement measure, originally aimed at limiting the foreign borrowing of banks, was repealed in October, and the reserve requirement rate was decreased from 17% to 14% in December 2008.

8 Decisions on amendments to the Decision on the minimum required amount of foreign currency claims (OG 17/2009 and 23/2009).

Banks' investment in securities fell by a negligible 0.87%. This decrease was above all the result of the amendments to the International Accounting Standards (2008), which provided for the reclassification of securities in held-for-trading and available-for-sale portfolios into loans and receivables portfolios, subject to fulfilment of certain conditions. Since these instruments are carried at amortised cost and not at fair value, after the reclassification, gains/losses on these instruments are no longer recognised in the profit and loss account (or in the capital account in the case of available-for-sale portfolios). The rebooking of a large amount of investment (HRK 2.3bn) in one large bank and members of its group from the securities position to the position of loans granted resulted in a significant fall in investment in securities and an increase in the amount of loans in the second quarter of 2009, which affected developments in the amount of securities investments and loans granted on an annual level.

At the end of 2009, a little over one half of investment in securities was recorded in the available-for-sale portfolio (58.7%). The value of investments held in this portfolio is adjusted to market prices, and realised gains/losses are not directly recognised in the profit and loss account but are carried as unrealised gains/losses in the account of capital. At the end of 2009, banks holding securities in this portfolio reported unrealised losses of HRK 27.7m, a decline of 75.4% relative to losses reported at the end of 2008. Shown by instruments, the structure of debt securities continued to be dominated by bonds (49.8%) and T-bills of the Ministry of Finance (27.6%). More than a half of all bonds (59.0%) were accounted for by non-resident bonds, most notably foreign government bonds. A little over one fourth of debt securities went to money market instruments which, due to a sharp increase in foreign countries' money market instruments in the last quarter of the year, significantly increased their share in the distribution of securities by type.

The developments and changes in individual types of bank assets in 2009 had no major influence on the asset structure. The share of net loans predominated in bank assets (66.7%), increasing slightly relative to 2008. The share of money assets and deposits with the CNB grew at a slightly higher rate (1.1 percentage points), while the shares of deposits held with other banking institutions and securities experienced a slight decline. The amount of net loans grew the most in large banks (3.2%), contributing to an additional increase in the share of loans in the assets of this group of banks, to 67.6% (Figure 1.8). In medium-sized banks, the share of net loans decreased to 63.2%, which was due to



the decrease in loans in all banks from this group, by a total of 4.2%. The amount of net loans of small banks grew by 0.8%, their share in the assets of this group of banks standing at 62.9%.

Although there was only a slight increase in the total amount and asset structure of the banks, changes in the balance sheet currency structure were quite marked during 2009. Together with kuna assets with a currency clause, foreign currency assets accounted for 65.5% of total bank assets at the end of 2009, up 4.8 percentage points from the end of 2008. Following the strong growth in kuna loans in 2007 and a somewhat slower growth in these loans in 2008, 2009 was marked by a substantial decrease in the amount of kuna loans (HRK 16.5bn or 19.4%). In contrast, loans in foreign currencies and loans with a currency clause went up by HRK 11.7bn (40.7%) and HRK 10.7bn (8.1%) respectively.

Received deposits and loans went up by HRK 9.8bn or 3.3% in 2009 (Table 1.5). The rise in deposits received (3.6%) was to the greatest extent realised in the second half of 2009 and made the largest contribution to the growth in funding, while loans received went up by a slight 1.6%. In contrast with 2008, when deposits grew by 6.3%, the rise in deposits slowed down considerably in 2009, mainly as a result of a considerable decline in the growth of household deposits (3.8% compared to 11.7% in 2008).

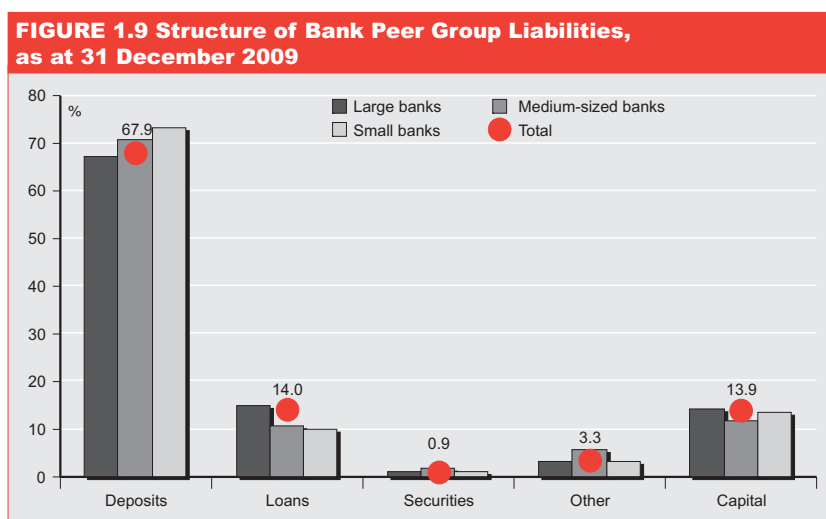
Compared to the end of 2008, non-resident deposits rose the most (HRK 8.6bn or 22.9%), with deposits of majority foreign owners accounting for HRK 6.9bn. Deposits of financial institutions, most notably non-banking financial institutions (insurance companies, pension funds, etc.), rose by HRK 1.5bn (9.5%) and deposits of government units declined by HRK 1.8bn (29.8%). The bulk of the increase in deposits took place in the third quarter, owing to seasonal recovery and an increase in deposits of almost all sectors, in particular deposits of enterprises. This notwithstanding, the deposits of enterprises fell by HRK 4.3bn or 8.7% compared to the end of 2008, mainly under the influence

TABLE 1.5 Structure of Bank Liabilities, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Dec. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	15,102.5	5.0	20,573.0	6.0	36.2	19,270.0	5.2	-6.3	21,180.5	5.6	9.9
1.1. Short-term loans	7,286.7	2.4	11,325.6	3.3	55.4	8,314.0	2.2	-26.6	10,167.9	2.7	22.3
1.2. Long-term loans	7,815.8	2.6	9,247.4	2.7	18.3	10,956.1	3.0	18.5	11,012.6	2.9	0.5
2. Deposits	202,950.5	66.6	233,108.0	67.6	14.9	247,813.9	67.0	6.3	256,810.0	67.9	3.6
2.1. Giro account and current account deposits	37,696.5	12.4	45,284.0	13.1	20.1	41,313.1	11.2	-8.8	34,526.9	9.1	-16.4
2.2. Savings deposits	26,601.4	8.7	26,859.4	7.8	1.0	25,640.1	6.9	-4.5	24,531.3	6.5	-4.3
2.3. Time deposits	138,652.5	45.5	160,964.5	46.6	16.1	180,860.7	48.9	12.4	197,751.7	52.3	9.3
3. Other loans	39,762.9	13.1	31,738.8	9.2	-20.2	32,862.6	8.9	3.5	31,787.5	8.4	-3.3
3.1. Short-term loans	10,028.1	3.3	5,528.8	1.6	-44.9	7,955.1	2.1	43.9	6,133.5	1.6	-22.9
3.2. Long-term loans	29,734.8	9.8	26,210.1	7.6	-11.9	24,907.5	6.7	-5.0	25,654.0	6.8	3.0
4. Derivative financial liabilities and other financial liabilities held for trading	221.6	0.1	367.5	0.1	65.9	1,578.3	0.4	329.4	418.9	0.1	-73.5
5. Debt securities issued	3,583.4	1.2	3,476.7	1.0	-3.0	3,392.3	0.9	-2.4	119.3	0.0	-96.5
5.1. Short-term debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.2. Long-term debt securities issued	3,583.4	1.2	3,476.7	1.0	-3.0	3,392.3	0.9	-2.4	119.3	0.0	-96.5
6. Subordinated instruments issued	758.1	0.2	225.7	0.1	-70.2	53.3	0.0	-76.4	396.6	0.1	643.6
7. Hybrid instruments issued	552.4	0.2	636.6	0.2	15.2	2,055.7	0.6	222.9	3,016.4	0.8	46.7
8. Interest, fees and other liabilities	10,413.5	3.4	11,781.4	3.4	13.1	13,139.7	3.6	11.5	12,067.3	3.2	-8.2
TOTAL LIABILITIES	273,344.9	89.7	301,907.8	87.5	10.4	320,165.9	86.5	6.0	325,796.6	86.1	1.8
TOTAL CAPITAL	31,260.3	10.3	43,173.6	12.5	38.1	49,927.1	13.5	15.6	52,574.0	13.9	5.3
TOTAL LIABILITIES AND CAPITAL	304,605.3	100.0	345,081.4	100.0	13.3	370,093.0	100.0	7.2	378,370.6	100.0	2.2

of a sharp first quarter fall. In 2009, enterprises saw a sharp fall in time deposits and giro and current account deposits, particularly their kuna component. As usual, household deposits rose during the summer months. In the last quarter of the year, household deposits rose nominally at the same rate as in the third quarter of the year but a small increase in the first half of the year (and a small fall in the second quarter) resulted in a growth of household deposits three times smaller in 2009 than in 2008 (HRK 5.2bn or 3.8%). Giro and current account deposits of households fell by almost one fourth in 2009, in contrast with time deposits of that sector, which rose considerably, though much less than in the previous year. The growth of household time deposits was due exclusively to the growth in foreign currency time deposits, which rose sharply (18.8%), partly due to the substitution of kuna savings by foreign currency savings.

The largest increase in deposits received in the observed one-year period was seen in large banks (4.4%), the growth rate in small banks standing at 2.4%. Deposits received went down by 1.5% in medium-sized banks. As a result, there were no major changes in the shares of deposits in liabilities of individual bank groups; small banks had the largest share of deposits in liabilities (73.7%) and large banks the smallest (65.9%) (Figure 1.9).



Loans received stood at HRK 53.0bn at the end of 2009 and accounted for 14.0% of total bank liabilities. A slight growth in loans received (1.6%) in 2009 relative to 2008 was the consequence of the rise in loans received from domestic financial institutions (9.9%), notably the loans from the CBRD, which went up by HRK 2.7bn or 21.4%. At the end of 2009, the loans from the CBRD accounted for 29.5% of total loans received and the largest share of loans received, 44.6%, again involved loans from majority foreign owners, which rose by HRK 0.9bn or 4.0% during the year.

Due to the significant growth in deposits received from majority foreign owners in almost all banks that use such funds, total funding from majority foreign owners rose in the observed one-year period by HRK 7.9bn or 15.1%. Majority foreign owners had a share of 19.3% in total funding at the end of 2009, an increase of 2 percentage points relative to the end of 2008.

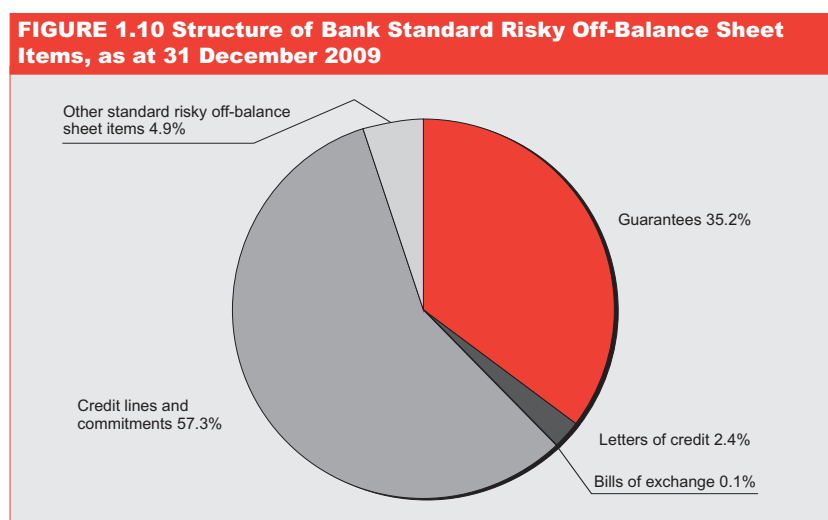
The amount of issued debt securities dropped significantly due to a bond principal repayment by one large bank. The issuing of subordinated and hybrid instruments by several banks led to their marked

relative increase; however their share in liabilities, as well as the share of debt securities, was small. Combined, they accounted for less than 1.0% of bank liabilities.

The share of capital in bank liabilities increased, ending 2009 at 13.9%. A high share of capital in the liabilities of banks is the result of significant capital investments by banks' shareholders and the withholding of a major share of the profit generated in the period from 2006 onwards. A range of CNB monetary and prudential measures encouraged banks during that period to replace debt by capital investments and the most important of these measures, that on marginal reserve requirements, was repealed in October 2008. Banks distributed a major part of the profit i.e. about three fourths of the profit generated in 2008, into retained earnings and reserves, mitigating the effect of the fall in bank profit in 2009 and increasing capital by 5.3%.

The share of capital in liabilities rose only in large banks during the observed one-year period and it was also the highest in this group of banks (14.2%). The share of capital in liabilities was the lowest in medium-sized banks (11.7%) due to the effects of losses generated in the current year in one of the banks in the group. The capital of small banks was burdened by current and previous years' losses and its still relatively high value (13.2% of total liabilities of small banks) was due to a high share of capital in liabilities in a number of small banks.

Due to the fall in almost all components of standard risky off-balance sheet items, total standard risky off-balance sheet items of banks decreased by HRK 8.9bn or 12.4%. The standard risky off-balance sheet items stood at HRK 60.8bn at the end of 2009, accounting for 16.1% in bank assets. This represents the continuation of the trend observed in 2007 and 2008, caused by banks' adjustments to the measure on restricted placement growth. The most significant fall was seen in credit lines and commitments (HRK 7.1bn or 16.9%). However, this item managed to preserve its majority share in the structure of total standard risky off-balance sheet items (57.3%) (Figure 1.10).



The ratio between the notional amount of derivative financial instruments and bank assets stood at 29.0%, down by almost 3 percentage points from the end of 2008. The bulk of derivative contracts were concluded with non-residents (84.6%) and mainly included swaps and forwards.

1.1.4 Bank Capital

The growth of total bank capital was almost three times slower in 2009 than in 2008 and stood at 5.3% (Table 1.6). The growth was primarily the result of distribution of 2008 profit into retained earnings, which rose by over one third, or by 36.4% (HRK 2.1bn), and into reserves stipulated by the articles of association and other capital reserves (an increase of 12.2% or HRK 1.3bn). These capital items continued to increase their shares in total bank capital; combined, they accounted for 37.2% of total bank capital. At the same time, the share capital increased by a mere HRK 0.5bn (1.7%), while profit declined by more than one fourth (28.9%) relative to the end of 2008.

TABLE 1.6 Structure of Bank Total Capital, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Dec. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	16,584.2	53.1	25,179.3	58.3	51.8	28,287.6	56.7	12.3	28,781.8	54.7	1.7
2. Current year profit/loss	3,394.8	10.9	4,067.4	9.4	19.8	4,612.5	9.2	13.4	3,277.7	6.2	-28.9
3. Retained earnings/loss	3,716.8	11.9	4,212.0	9.8	13.3	5,694.1	11.4	35.2	7,764.9	14.8	36.4
4. Legal reserves	882.4	2.8	1,054.3	2.4	19.5	969.4	1.9	-8.1	1,084.1	2.1	11.8
5. Total reserves provided for by the articles of association and other capital reserves	6,676.6	21.4	8,674.1	20.1	29.9	10,398.8	20.8	19.9	11,761.5	22.4	13.1
5.1. Reserves provided for by the articles of association and other capital reserves	6,662.0	21.3	8,644.2	20.0	29.8	10,511.3	21.1	21.6	11,789.2	22.4	12.2
5.2. Unrealised gains/losses on value adjustments of financial assets available for sale	14.6	0.0	30.7	0.1	109.9	-112.5	-0.2	-	-27.7	-0.1	-75.4
5.3. Reserves arising from hedging transactions	8.3	0.0	-0.8	0.0	-109.4	0.0	0.0	0.0	0.0	0.0	0.0
6. Previous year profit/loss	-2.7	0.0	-13.6	0.0	396.3	-35.3	-0.1	159.9	-96.0	-0.2	171.8
TOTAL CAPITAL	31,260.3	100.0	43,173.6	100.0	38.1	49,927.1	100.0	15.6	52,574.0	100.0	5.3

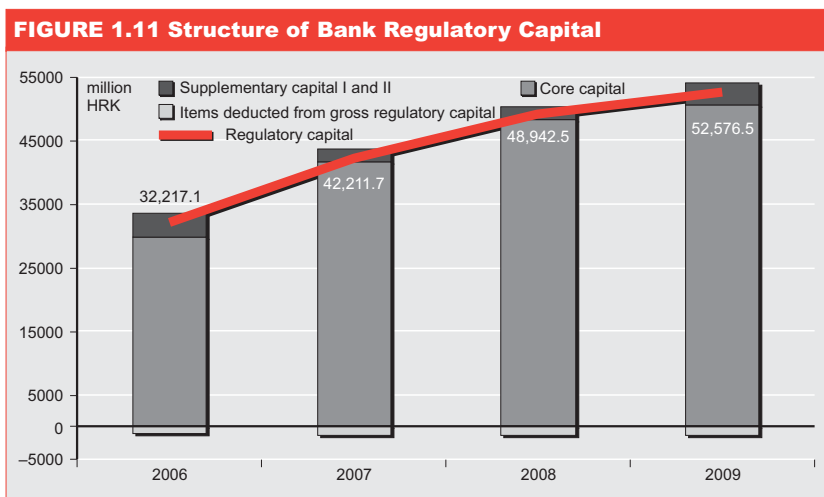
The rise of total capital of large banks, by 11.6%, and its decrease in medium-sized banks (by more than a third or 33.6%) should be viewed in the context of a merger of one medium-sized bank with one large bank in the first quarter of 2009. Total capital of small banks rose by 1.0%.

In 2009, the regulatory capital of banks went up by 7.4% or HRK 2.0bn, standing at HRK 52.6bn (Table 1.7). The lion's share of this increase was the result of the growth in core capital, by HRK 1.8bn or 5.1%, with the remaining HRK 0.2bn being accounted for by supplementary capital I which rose by 61.6%. Again, no bank reported supplementary capital II.

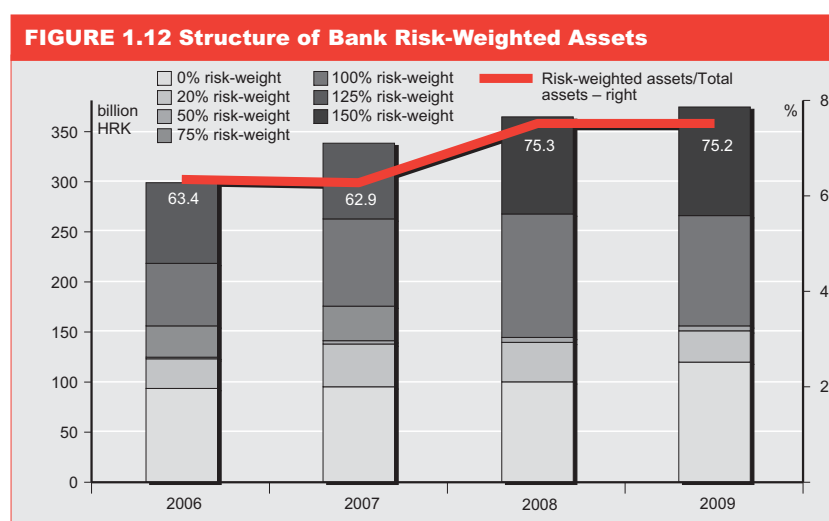
The changes in the amount of regulatory capital of large and medium-sized banks, reported in Table 1.7, were also due to the previously mentioned merger of one medium-sized bank with one large bank. Viewed by bank groups, the movements in the amount of core capital were similar to the movements in total regulatory capital (the core capital went up by 11.4% and 0.1% in large and small banks respectively and fell by 33.6% in medium-sized banks). The rise in supplementary capital I was for the most part the result of its growth in large banks (up 249.8%).

TABLE 1.7 Changes in Bank Regulatory Capital, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Dec. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Large banks	25,577.9	79.4	32,612	77.3	27.5	38,047	77.7	16.7	44,139	84.0	16.0
Medium-sized banks	3,693.6	11.5	6,016	14.3	62.9	6,821	13.9	13.4	4,284	8.1	-37.2
Small banks	2,945.6	9.1	3,584	8.5	21.7	4,075	8.3	13.7	4,154	7.9	1.9
Total	32,217.1	100.0	42,211.7	100.0	31.0	48,942.5	100.0	15.9	52,576.5	100.0	7.4



The net value of risk-weighted assets rose by HRK 10.0bn or 2.8% in 2009. However, the increase in the weighted amount of assets was very moderate (HRK 2.4bn or 0.9%) due to a relatively large increase (HRK 19.0bn or 19.1%) in the non-risky part of assets, i.e. assets weighted by a 0% weight⁹ that do not lead to an increase in the weighted amount. A significant rise was also seen in assets weighted by a 150% weight¹⁰ (HRK 11.8bn), which in turn increased the weighted amount of assets by HRK 17.7bn. However, given a noticeable decrease in the net value of assets weighted by a 100% weight¹¹ (down by HRK 14.2bn or 11.4%), total increase in the weighted amount of assets was less than 1%. The ratio of total to risk-weighted bank assets decreased negligibly relative to the end of 2008 since both asset categories grew at roughly equal rates in 2009 (Figure 1.12).

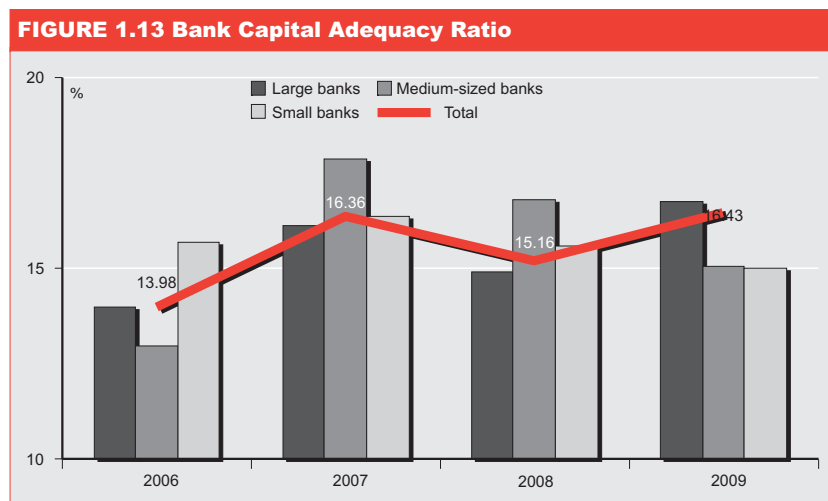


9 Claims on the Government of the Republic of Croatia, the Croatian National Bank, governments or central banks of OECD member states and claims covered by their guarantees/securities, as well as claims covered by deposits up to the deposit amount.

10 Foreign currency and foreign currency-indexed claims, uncovered by adequate instruments of collateral, on clients with unmatched currency positions.

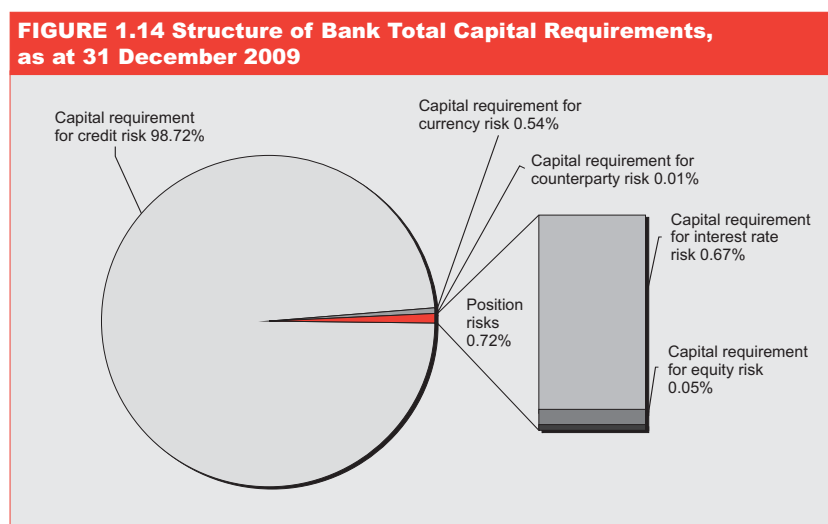
11 Kuna claims uncovered by adequate instruments of collateral, foreign currency and foreign currency-indexed claims, uncovered by adequate instruments of collateral, on clients with matched currency positions, and all other assets that do not meet the criteria for distribution in other risk-weight categories.

The capital adequacy ratio was more than 1 percentage point higher at the end of 2009 relative to the end of 2008, amounting to 16.43% (Figure 1.13). This ratio went up only in the group of large banks, to 16.73%, or by less than 2 percentage points. The capital adequacy ratios of medium-sized and small banks stood at 15.05% and 14.99% respectively. All banks had a capital adequacy ratio larger than 10% (which is the legally prescribed minimum), three banks, however, reporting a capital adequacy ratio below 11%.



Given a slight increase in the weighted amount of balance sheet assets (smaller than 1%), the reduction in the capital requirement for credit risk in 2009 (by 0.3%) was the result of the decrease in credit risk-weighted off-balance sheet items (by 9.1%). With the capital requirement for market risks decreasing by 29.5% due to the decline in exposures to all market risks, notably general interest rate risk, total capital requirements went down by 0.9%.

An already small share of the capital requirement for market risks in total capital requirements continued to trend downward, decreasing by 0.5 percentage points in 2009 (from 1.8% at the end of 2008 to 1.3%) (Figure 1.14).



1.1.5 Bank Income Statement

At the end of 2009, pre-tax profits of banks stood at HRK 4.2bn, down by HRK 1.5bn (26.5%) since the end of 2008.¹² Weaker results were above all the consequence of stronger rise in expenses on loss provisions, their annual growth rate standing at as much as 219.9%. The decrease in bank profit in 2009 was also the result of the decline in net interest income by 4.1%, caused by a growth in interest expenses (12.4%) stronger than that in interest income (4.9%). Nevertheless, banks reported 13.1% higher operating income (income before loss provisions) at the end of 2009 due to the strong growth in other non-interest income, notably profit from derivatives trading. Banks mostly use derivatives as a hedge against currency and interest rate risks (due to the complexity of the hedge accounting rules, they are reported as held-for-trading derivatives).

All bank groups reported a decrease in total profit. The smallest fall in profit was reported by large banks in which pre-tax profit fell by 15.4%. The profit of large banks exceeded the combined profit of all banks, due to a sizeable loss in one medium-sized bank. As a result, the profit of medium-sized banks decreased annually by 158.6%, generating a loss at the entire group level. The profit of small banks accounted for only 0.6% of total bank profit, with the decrease in pre-tax profit amounting to 85.9%. The shares of medium-sized and small banks in total bank profit were significantly lower than their shares in total bank assets due to the fall in net interest income and net income from fees and commissions and the growth in general administrative expenses and notably in expenses on loss provisions (Table 1.8).

TABLE 1.8 Bank Income Statement, in million HRK

	Large banks		Medium-sized banks		Small banks		Total	
	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009
1. Net interest income	7,667.0	7,662.9	1,280.3	909.7	1,010.9	978.6	9,958.2	9,551.3
1.1. Total interest income	17,078.7	18,589.7	2,719.9	2,158.1	1,968.7	2,082.2	21,767.4	22,830.0
1.2. Total interest expenses	9,411.8	10,926.8	1,439.7	1,248.4	957.8	1,103.5	11,809.2	13,278.7
2. Net income from fees and commissions	2,346.3	2,455.5	409.3	304.5	225.2	222.5	2,980.9	2,982.5
2.1. Total income from fees and commissions	3,126.5	3,208.7	880.9	771.8	335.4	321.7	4,342.8	4,302.2
2.2. Total expenses on fees and commissions	780.2	753.2	471.6	467.2	110.2	99.2	1,362.0	1,319.6
3. Net other non-interest income	1,425.3	2,581.0	-1.0	18.7	7.0	161.5	1,431.3	2,761.2
3.1. Other non-interest income	2,025.7	2,986.8	151.9	155.9	114.1	246.9	2,291.7	3,389.7
3.2. Other non-interest expenses	600.5	405.8	152.9	137.2	107.2	85.4	860.5	628.5
4. Net non-interest income	3,771.5	5,036.5	408.4	323.2	232.2	384.0	4,412.1	5,743.7
5. General administrative expenses and depreciation	5,498.5	5,603.2	1,059.6	892.2	976.8	1,068.7	7,534.8	7,564.1
6. Net operating income before loss provisions	5,940.1	7,096.3	629.0	340.7	266.3	293.9	6,835.5	7,730.9
7. Total expenses on loss provisions	750.0	2,623.4	248.6	621.5	100.4	270.5	1,098.9	3,515.4
7.1. Expenses on value adjustments and provisions for identified losses	591.6	2,663.8	234.9	640.0	81.8	273.4	908.4	3,577.3
7.2. Expenses on collectively assessed impairment provisions	158.4	-40.5	13.6	-18.5	18.6	-3.0	190.6	-61.9
8. Income/loss before taxes	5,190.0	4,472.9	380.5	-280.9	166.0	23.5	5,736.5	4,215.5
9. Income tax	986.8	851.4	73.8	34.9	63.4	51.5	1,124.0	937.8
10. Current year profit/loss	4,203.2	3,621.5	306.7	-315.8	102.6	-28.1	4,612.5	3,277.7

¹² A decrease in profit was last reported at the end of 2001 when relative to the end of 2000 the pre-tax profit fell by 14.03%. The bulk of this decrease was due to the losses in Riječka banka.

Of 34 banks, 24 banks achieved a total pre-tax profit of HRK 4,876.2m, while ten banks (nine small and one medium-sized bank) reported losses totalling HRK 660.7m. The share of assets of banks that operated with losses made up 6.0% in total bank assets at the end of 2009. Compared to the end of 2008, 24 banks (4 large banks, all the 3 medium-sized banks and 17 small banks) reported lower pre-tax profit.

Net income of banks (the sum of net interest and net non-interest income) rose by 6.4% relative to the end of 2008. Above all, this was the result of the rise in other non-interest income (by somewhat more than 30.0%), while the fall in net interest income stood at 4.1%. The observed growth in other non-interest income was the consequence of the increase in profit from trading activities, notably trading in derivatives and then in securities and foreign exchange. The rise in net other non-interest income was additionally spurred by the decrease in other non-interest expenses. As a result, the structure of bank net income experienced significant changes, involving the rise in the share of net other non-interest income by 8.1 percentage points (to 18.1%), and the decrease in the two most important components of bank net income. Accordingly, the share of net interest income decreased from 69.3% to 62.4% and the share of net income from fees and commissions from 20.7% to 19.5% of net income.

The main contribution in nominal terms to the increase in net income of banks was provided by large banks in which this income grew by 7.4%. Small banks, however, reported an increase of 9.6%. In both bank groups this was exclusively due to a rise in other non-interest income, additionally strengthened by the fall in other non-interest expenses. In contrast, medium-sized banks reported a 4.6% decrease in net income in 2009 due to the rise in other non-interest expenses which slowed down the growth dynamics of net other non-interest income to a level insufficient to compensate for the fall in net income from the main activity.

All bank groups increased their net non-interest income relative to the end of 2008: large banks by 29.6%, medium-sized banks by 8.2% and small banks by 65.3%, exclusively as a result of an increase in other non-interest income. The second component of this income, net income from fees and commissions, held steady in large banks (a growth of 0.5%) and went down by 1.8% and 1.2% respectively in medium-sized and small banks.

The most significant bank income, interest income, totalled HRK 22.8bn at the end of 2009, up HRK 1.1bn or 4.9% relative to the end of 2008. Interest income grew half as much as interest expenses (12.4%) due to the fall in the volume of placements, especially loan stagnation, and the significant increase in interest expenses, notably in the first half of the year. However, it should be mentioned that the banks managed to offset part of the increased interest expenses by gains from derivative financial instruments, intended as a hedge against interest rate risk. Due to the decline in deposits with foreign financial institutions, the highest decrease, relative to the end of 2008, was seen in income from deposits, by somewhat more than HRK 1.0bn or 66.0%. Banks offset this decrease by increasing all other components of interest income, especially the income from placements to the RC, i.e. loans granted (up HRK 579.8m or 46.1%) and debt securities (up HRK 345.4m or 44.6%) (Table 1.9).

Moreover, an increase, relative to the end of 2008, was seen in interest income from loans granted to the sector of enterprises and the sector of households (up 6.5% and 5.2% respectively) although the basis for the calculation of interest on loans to the sector of enterprises (the amount of gross loans) increased by only 2.2% and gross loans to households decreased by almost 3.0%. The increase in

TABLE 1.9 Structure of Bank Income, in %

	Large banks		Medium-sized banks		Small banks		Total	
	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009
1. INTEREST INCOME	75.5	75.0	72.5	69.9	81.4	78.5	75.6	74.8
1.1. Interest income from loans granted	63.3	65.3	61.7	60.1	68.3	69.2	63.5	65.1
1.2. Interest income from deposits	5.3	1.6	6.0	2.5	6.6	2.0	5.5	1.8
1.3. Interest income from debt securities	5.8	5.7	4.7	7.2	6.4	7.2	5.7	6.0
1.4. Interest income from interest rate swaps	1.8	2.2	0.0	0.0	0.0	0.0	1.4	1.8
1.5. Net balances on exchange rate fluctuations related to interest income	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
1.6. Interest income from previous years	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.2
2. INCOME FROM FEES AND COMMISSIONS	13.5	12.9	23.5	25.0	14.1	12.1	14.9	14.1
2.1. Income from fees for payment operations services	5.4	4.9	15.3	17.3	6.4	5.5	6.8	6.2
2.2. Income from fees for other banking services	8.1	8.0	8.2	7.7	7.7	6.6	8.1	7.9
2.3. Net balances on exchange rate fluctuations related to claims based on fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. OTHER NON-INTEREST INCOME	11.0	12.1	4.0	5.1	4.5	9.3	9.6	11.1
TOTAL INCOME	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

interest income from this basis may be attributed to the higher price of loans and especially the increase in interest rates on long-term loans. Looking at the structure of interest income from loans by institutional sector, households accounted for the largest portion of income (51.9%). However, relative to the end of 2008, this share went down by 1.8 percentage points. By size of share in interest income from loans, the next to follow was income from loans to enterprises (36.1%), which decreased by 0.9 percentage points. Only income from loans granted to government units and financial institutions (up from 6.9% to 9.3% and from 1.7% to 2.0% respectively) increased its share in interest income.

Net income from fees and commissions held steady at the 2008 level (an increase smaller than 0.1%) due to almost equal falls in expenses (HRK 42.3m or 3.1%) and income (HRK 40.6m or 0.9%). The decrease in income from fees and commissions was entirely the result of the fall in income from fees for payment services (down by HRK 98.8m or 4.9%), notably those provided to enterprises (down by HRK 120.3m or 10.2%), and a slight fall in income from fees for payment services provided to financial institutions and foreign persons. Although at slower rates than in previous reporting periods, all other components of income from fees and commissions, except for net exchange rate differentials (which were insignificant), continued to trend upward.

The crucial contribution to the rise in bank net income came from the growth in other non-interest income (by almost 50.0%) which, together with the decrease in other non-interest expenses (by 27.0%), resulted in a HRK 1.3bn (92.9%) higher net other non-interest income. In contrast to 2008, when banks generated loss from trading activity (HRK 2.1bn), the bulk of this income was derived from the realised profit from trading activities amounting to HRK 2.6bn. Trading in derivatives remained the most significant trading activity, generating a profit of HRK 1.4bn that was predominantly the result of using the derivatives as a hedge against currency and interest rate risks. The full amount of profit from derivatives trading was achieved in the first half of the year, particularly in the second quarter, when the strengthening of the exchange rate of the kuna against the most important foreign currencies resulted in losses from exchange rate differentials and gains from derivative financial instruments intended as a hedge against currency risk. With individual banks largely using the derivatives as a hedge against interest rate risk, the strong growth of ZIBOR in the first quarter of

2009 contributed to a substantial rise in interest expenses as well as in profit from derivative financial instruments used a hedge against interest rate risk.

Profit from foreign exchange trading was the second most important component of other non-interest income, totalling HRK 1.2bn and increasing significantly relative to the previous five years when this item in the income statement moved in a narrow range of HRK 700m to HRK 800m. All bank groups reported a growth in profit from foreign exchange trading in 2009, with the bulk of this increase being generated by large banks (HRK 895m; up by almost HRK 300m or 49.7%). In both medium-sized and large banks, derivatives trading was more important than foreign exchange trading, which was reflected in profit from derivatives trading being almost twice as high as profit from foreign exchange trading (HRK 158.5m compared to HRK 80.0m). The profit from trading activities of small banks was almost entirely accounted for by foreign exchange trading (HRK 147.8m out of a total of HRK 152.2m).

In 2009, interest expenses went up by a total of HRK 1.5bn or 12.4% and together with significantly slower growth of interest income (by 4.9%) resulted in a net interest income 4.1% lower than in 2008. The rise in interest expenses was almost exclusively the result of the growth in interest expenses on deposits, which account for a major share in interest expenses (78.3%) and which went up by HRK 1.8bn or 21.0%. The largest share of this increase was accounted for by the rise in expenses on household time deposits (HRK 1.1bn or 26.6%) and deposits of foreign financial institutions (HRK 611.6m or 53.4%). In order to compensate, at least partly, for that increase, banks decreased all other items of interest expenses (except for insurance premiums for savings deposits which went up by HRK 77.8m due notably to the change in the coverage basis).

General administrative expenses and depreciation remained at almost the same level as at the end of 2008 (an increase of 0.4%), the decrease in large banks being roughly equal to the rise in medium-

TABLE 1.10 Structure of Bank Expenses, in %

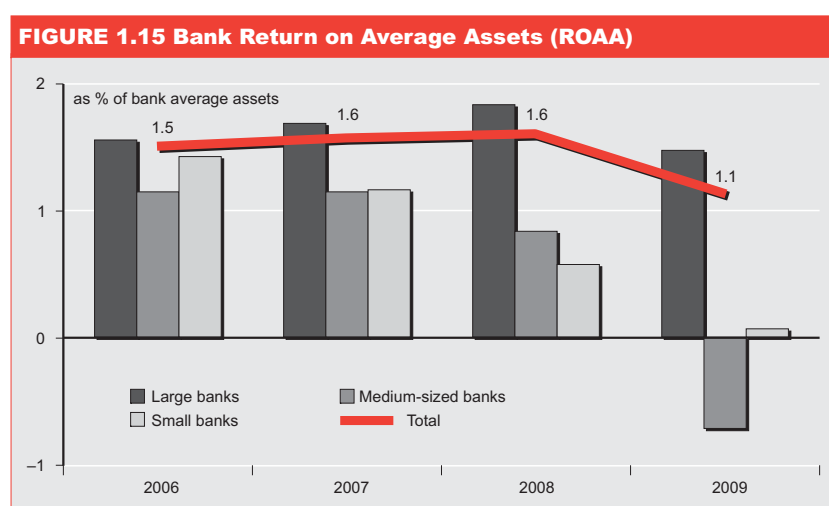
	Large banks		Medium-sized banks		Small banks		Total	
	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009
1. INTEREST EXPENSES	54.6	53.8	42.7	37.1	42.3	42.0	51.8	50.5
1.1. Interest expenses on loans received	10.0	8.5	4.5	5.6	4.7	4.1	8.7	7.7
1.2. Interest expenses on deposits	41.0	41.7	34.9	29.2	35.6	35.9	39.6	39.5
1.3. Interest expenses on debt securities	0.7	0.9	1.7	0.8	0.4	0.4	0.8	0.9
1.4. Interest expenses on interest rate swaps	1.3	1.1	0.0	0.0	0.0	0.0	1.0	0.8
1.5. Savings deposits insurance premiums	1.6	1.6	1.5	1.4	1.6	1.6	1.6	1.6
1.6. Net balances on exchange rate fluctuations related to interest expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.7. Interest expenses from previous years	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0
2. EXPENSES ON FEES AND COMMISSIONS	4.1	3.7	14.0	13.9	4.7	3.8	5.5	5.0
2.1. Expenses on fees/commissions for banking services of residents	2.8	2.5	13.2	13.1	4.5	3.5	4.4	4.0
2.2. Expenses on fees/commissions for banking services of non-residents	1.2	1.2	0.8	0.8	0.3	0.2	1.1	1.0
2.3. Net balances on exchange rate fluctuations related to liabilities based on fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. OTHER NON-INTEREST EXPENSES	2.2	2.0	4.5	4.1	4.7	3.3	2.8	2.4
4. GENERAL ADMINISTRATIVE EXPENSES AND DEPRECIATION	29.0	27.6	31.4	26.5	42.9	40.7	30.7	28.8
5. LOSS PROVISION EXPENSES	10.1	12.9	7.4	18.5	5.3	10.3	9.3	13.4
5.1. Expenses on value adjustments and provisions for identified losses	9.9	13.1	7.0	19.0	4.7	10.4	9.0	13.6
5.2. Expenses on collectively assessed impairment provisions	0.4	-0.2	-0.2	-0.5	0.1	-0.1	0.3	-0.2
TOTAL EXPENSES	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

sized and small banks. These expenses declined by 2.2% in large banks and rose by 6.8% and 9.4% respectively in medium-sized and small banks. The rationalisation of operations through a reduction in general administrative expenses resulted in HRK 158.8m lower employee expenses in large banks. In contrast, employee expenses went up in medium-sized and small banks, with the growth in general administrative expenses being the most affected by the increase in depreciation expenses and other expenses.

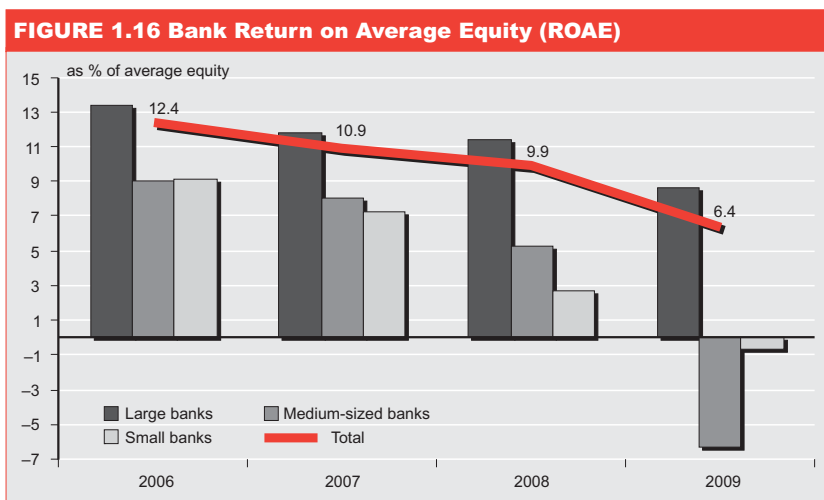
The key contributor to the fall of bank profitability in 2009 was expenses on loss provisions, which went up by 219.9% from the end of 2008, prompting banks to allocate almost HRK 2.5bn more realised net operating income for the coverage of credit risk. The consequence of the growth of loan portfolio losses was the rise in expenses on provisions for identified losses on an individual basis, by HRK 2.7bn or almost three times more than in the previous business year. As for collectively assessed impairment provisions, banks reported the income from the cancellation of provisions in the amount of HRK 61.9m, which is attributed to the fall in A placements in the reference period and the increase in the riskiness of previously granted placements (the reclassification into riskier categories).

1.1.6 Indicators of Bank Returns

ROAA decreased by 0.5 percentage points at the end of 2009 relative to the end of 2008 due to the fall in bank pre-tax profit by 26.5%. The decrease in profit was above all the result of the rise in expenses on provisions for identified losses and the fall in net income from the main activities, notably net interest income, while net income from fees and commissions remained at the same level as at the end of 2008. Compared with the end of 2008, ROAA declined in all groups of banks. Only in large banks was this ratio higher than 1.0% (1.5%; compared to 1.8% at the end of 2008). ROAA of small banks decreased to a minimum, i.e., to 0.1% in 2009 from 0.6% in 2008. Due to a sizeable loss reported by one medium-sized bank at the end of 2009, ROAA in this group of banks was negative 0.7% (Figure 1.15).

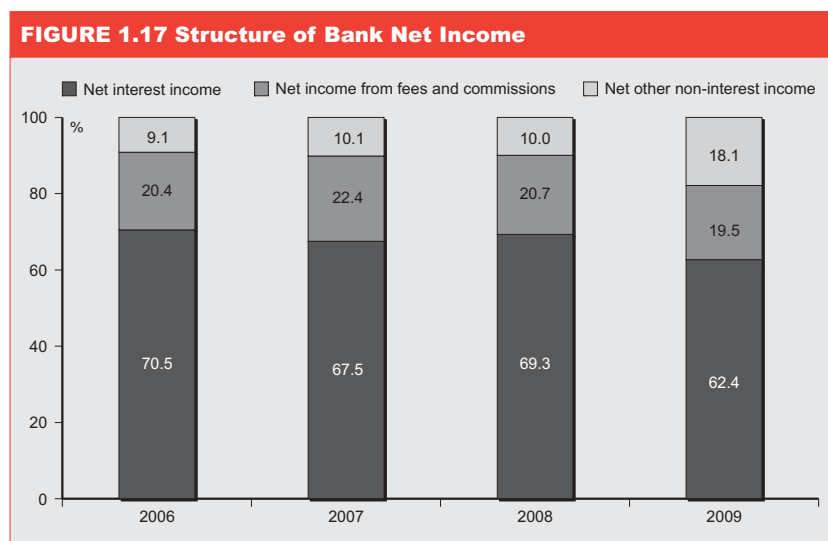


At the end of 2009, ROAE stood at 6.4% (Figure 1.16), down by 3.5 percentage points relative to the end of 2008. This was the consequence of the decrease in the numerator of the indicator (a decrease



in after-tax profit of 28.9%) and the continued increase in the denominator of the indicator (a rise in capital of 5.3% due to the withholding of a major share of the profit generated in 2009 and, to a small extent, recapitalisations). As a result, the years-long downward trend of ROAE continued in 2009. ROAE was positive only in large banks (8.6%), while, due to total after-tax loss, ROAE was negative in medium-sized banks, ending 2009 at 6.3% (Figure 1.16). ROAE of small banks also finished at negative 0.7% because this group of banks, despite pre-tax profits, reported after-tax losses at the end of 2009.¹³ The amount of income tax paid by small banks that operated with a profit in 2009 was almost twice as high in nominal terms as the amount of pre-tax profit of the entire group of small banks.

By the end of 2009, there had been a perceptible change in the structure of net income since the end of 2008, that is, an increase in the proportion of net other non-interest income by 8.1 percentage points, mainly at the expense of net interest income (the proportion of which was reduced by 6.9 percentage points) and, to a smaller extent, of net fee and commission income (the proportion of which was reduced by 1.2 percentage points). The growing reliance of banks on one-off and less stable



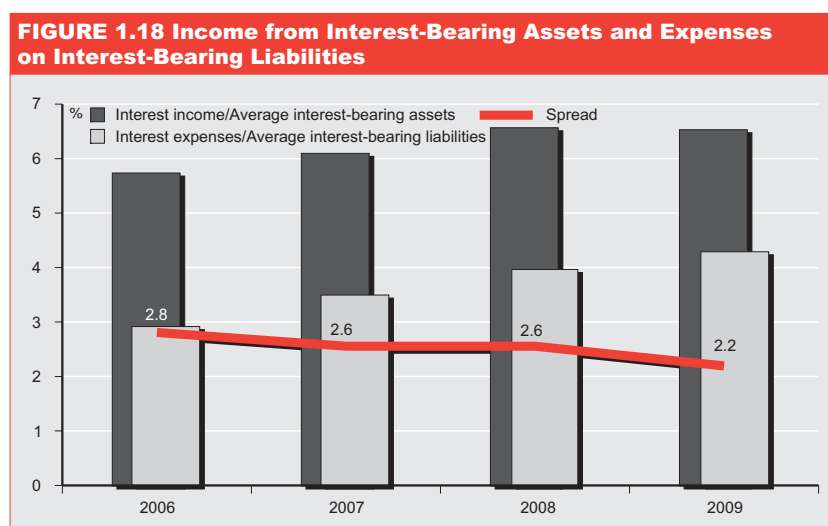
¹³ ROAA is calculated from profit before taxes, and ROAE from profit after taxes.

sources of income (profit from trading activities, valuation of securities and exchange rate differentials), i.e. lower share of stable income (interest income), adds to the pressures on bank profitability.

Since most of the net other non-interest income was generated by large banks (93.5%), this group of banks had the largest influence on the mentioned rise in the share of other non-interest income in the structure of bank net income. As a result, large banks continued to have the smallest share of net interest income in net income (60.3%). In contrast, the share of net interest income of medium-sized banks remained almost unchanged (73.8% relative to 75.8% at the end of 2008). In 2009, the share of net interest income in the structure of net income fell the most in small banks, by 9.5 percentage points or to 71.8%. For the most part, this was the result of the changes in securities trading activities and net exchange rate differentials, which, as opposed to the end of 2008 when they generated a loss, generated a profit at the end of 2009.

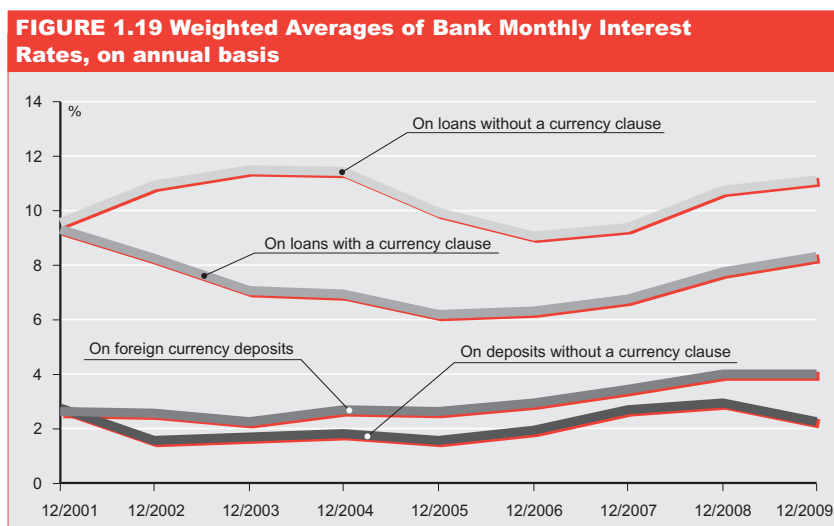
The interest rate spread¹⁴ narrowed substantially in 2009 due the growth dynamics of the average interest expenses being almost similar to that from several previous years and the average interest income by the unit of interest-bearing assets being almost the same as at the end of 2008 (6.5%) (Figure 1.18). This indicates that the average interest income by the unit of interest-bearing assets has remained at the high levels observed in the previous five years.

Broken down by groups of banks, large and small banks reported an equal decrease in their interest rate spreads relative to the end of 2008. After decreasing by a little more than 0.3 percentage points in both bank groups, the interest rate spread stood at 2.2% in large banks and almost 3.0% in small banks. The interest rate spread of medium-sized banks decreased by a more significant 0.8 percentage points, ending 2009 at 2.1%, the lowest spread among bank groups since the end of 2004. The decrease in the interest rate spread in medium-sized banks was the consequence of stagnant interest income, largely caused by the fall in interest income from deposits granted in the amount that could not be offset by the reported rise in interest income from loans granted. The growth in other interest income sufficed only to maintain total interest income at the level reported in 2008.



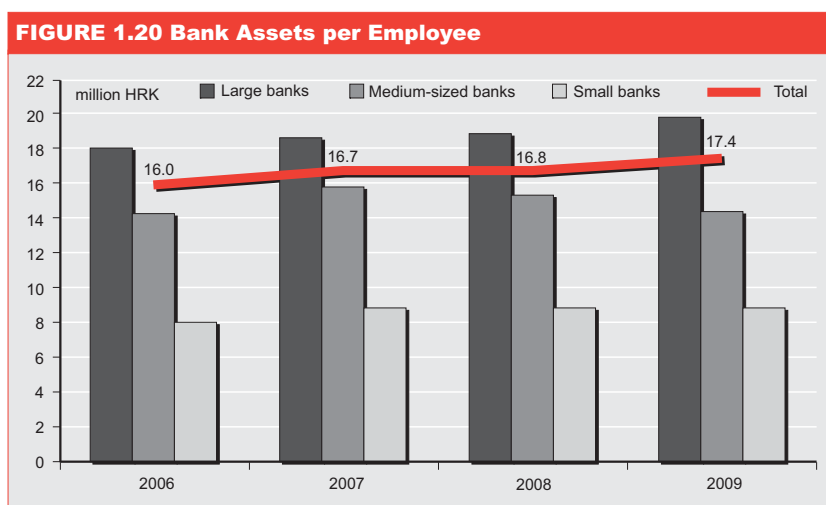
¹⁴ The spread was calculated as the difference between interest income earned on average interest-bearing assets and interest expense incurred on average interest-bearing liabilities.

The developments of selected bank interest rates in 2009 relative to several previous years show the continued growth in interest rates on foreign currency deposits. In contrast, after going up in the 2006–2008 period, interest rates on deposits without a currency clause declined in 2009. Interest rates on loans with a currency clause rose faster than those on kuna loans (Figure 1.19).

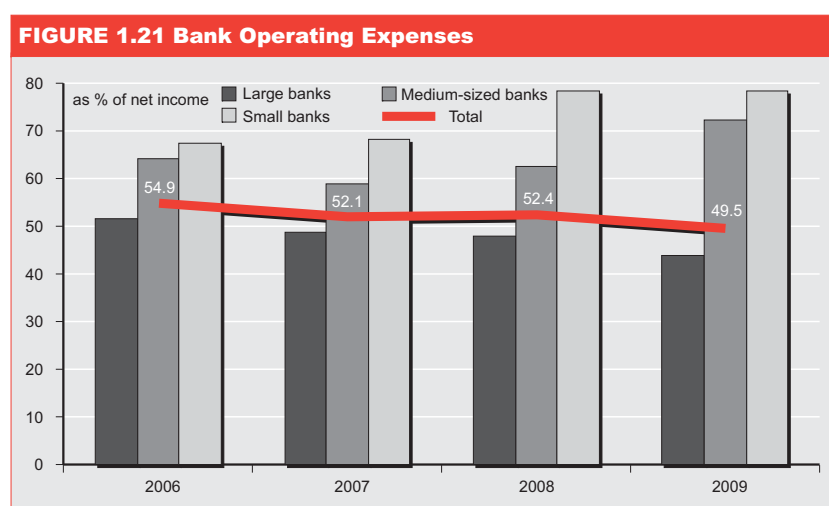


Operating costs (general administrative expenses and depreciation) were almost the same as at the end of 2008, increasing by only 0.4%. The rise in depreciation expenses and other expenses (10.1% and 1.7% respectively) was almost fully offset by the decline in employee expenses (2.8%). The reported decline in employee expenses was relatively higher than the decrease in the number of employees (1.5%) and was exclusively the result of rationalisation in large banks which had 469 (2.9%) employees fewer at the end of 2009 than at the end of 2008. In contrast, small banks increased the number of employees by 104 and medium-sized banks by 30. Banks employed a total of 21,730 persons at the end of 2009 or 335 persons fewer than at the end of 2008.

Due to the changes in large banks, the average bank assets per employee ratio increased from HRK 16.8m to 17.4m (Figure 1.20). Already the largest in the group of large banks, the assets per employee ratio continued to trend up, reaching HRK 19.8m. In small banks it remained at the end-2008 level (HRK 8.8m) and trended down to HRK 14.3m in medium-sized banks.



The 4.1% decrease in net income of banks at the end of 2009 compared with the end of 2008 resulted in bank efforts to slow down the growth of their costs. As large banks succeeded in reducing the costs, the cost to income ratio of large banks decreased, improving their cost effectiveness (Figure 1.21). In a review of the value of this indicator in the peer group of banks it is evident that large banks continued to have the best cost effectiveness (44.1%). Despite an insignificant decrease, the cost-effectiveness indicator remained the highest in small banks (78.4%), while it stood at 72.4% in medium-sized banks.



1.1.7 Bank Exposure to Credit Risk

Total bank placements and contingent liabilities exposed to credit risk and subject to classification into different risk categories¹⁵ totalled HRK 426.6bn at the end of 2009, which was a rise of only 1.0% relative to the end of the previous year. With the entire 2009 being marked by the low volume of lending, the bulk of the growth in loans was accounted for by loans granted to government units.

Total balance sheet placements went up by HRK 13.0bn or 3.7% in 2009, due primarily to a greater volume of lending to government units and a significantly smaller growth in loans to enterprises. In contrast, off-balance sheet contingent liabilities declined by HRK 8.9bn or 12.7% due mostly to the decrease in credit lines and commitments.

Almost the entire increase in placements and contingent liabilities of banks in 2009 of HRK 4.1bn could be attributed to the rise in large banks (HRK 4.0bn or 1.1%), while placements and contingent liabilities rose by HRK 617.0m or 1.9% in small banks, and fell by HRK 449.8m or 1.2% in medium-sized banks.

Notwithstanding the decrease or very small growth in loans granted to the majority of institutional

¹⁵ Pursuant to the Decision on the classification of placements and contingent liabilities of banks (OG 17/2003, 149/2005 and 74/2006) and in accordance with IAS 39, bank placements and contingent liabilities are classified into risk categories: A – fully recoverable placements and contingent liabilities, B – partly recoverable placements and contingent liabilities and C – irrecoverable placements and contingent liabilities.

sectors and owing to a greater volume of lending to government units, the share of loans continued growing in the distribution of placements and contingent liabilities by instrument, reaching 61.2% of total placements and contingent liabilities. Compared with the end of 2008, banks increased the amount of deposits with other financial institutions (by HRK 2.2bn or 3.1%), slightly increasing their share in the distribution of placements and contingent liabilities, to 17.5%. Banks also invested a share of their funds in securities, increasing the amount of debt securities and other available-for-sale assets by HRK 1.9bn or 10.8% relative to the end of 2008. This also resulted in a negligible increase in the share of that portfolio of securities in total placements and contingent liabilities (to 4.7%).

The shares of other balance sheet items in the distribution of placements and contingent liabilities changed only slightly. As a result, total balance sheet placements increased their share in total bank placements and contingent liabilities by 2.2 percentage points or to 85.7%, with contingent liabilities accounting for the remaining 14.3%. Placements to the household sector continued to account for the largest share (28.6% of total placements and contingent liabilities). However, the share of this sector in total bank placements and contingent liabilities decreased slightly compared to its balance in 2008 (29.8%).

Notwithstanding the growth in placements usually assessed by banks as those of highest quality (deposits with financial institutions and loans to government units), in 2009 all types of placements and contingent liabilities were marked by a significant growth in so-called bad placements and contingent liabilities¹⁶ (HRK 8.6bn or 61.3%). Fully recoverable placements and contingent liabilities (category A placements) decreased in the same period by a total of HRK 4.5bn (1.1%). The bulk of the increase in bad placements and contingent liabilities was associated with risk category B (HRK 7.5bn or 75.9%). Hence, the share of placements and contingent liabilities distributed into that risk category trended up from 2.3% at the end of 2008 to 4.1% of gross placements and contingent liabilities at the end of 2009. The share of placements and contingent liabilities from risk category A declined by 2 percentage points, to 94.7%, whereas, due to the increase of HRK 1.5bn (27.3%), the share of placements and contingent liabilities from risk category C went up from 1.0% to 1.3% (Table 1.11).

All bank groups recorded high growth rates in bad placements and contingent liabilities, with medium-sized banks reporting the highest growth rate (125.2%). Bad placements and contingent liabilities of large and small banks grew by 58.0% and 41.3% respectively. Due to the rise in bad placements, the share of bad placements in total placements and contingent liabilities increased to 5.3%. Broken down by groups of banks, medium-sized banks reported the highest increase in the share of

TABLE 1.11 Classification of Bank Placements and Contingent Liabilities by Risk Categories, in million HRK and %

	Dec. 2006		Dec. 2007		Dec. 2008		Dec. 2009	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements and contingent liabilities (category A)	338,310.4	96.8	384,204.3	96.9	408,397.9	96.7	403,906.5	94.7
2. Partly recoverable placements and contingent liabilities (category B)	7,147.3	2.0	7,946.5	2.0	9,865.7	2.3	17,350.7	4.1
3. Irrecoverable placements and contingent liabilities (category C)	4,173.1	1.2	4,270.3	1.1	4,214.6	1.0	5,366.6	1.3
Total	349,630.8	100.0	396,421.2	100.0	422,478.1	100.0	426,623.8	100.0

¹⁶ Placements and contingent liabilities classified into risk categories B (partly recoverable placements and contingent liabilities) and C (irrecoverable placements and contingent liabilities) are considered bad placements and contingent liabilities.

bad placements in total placements and contingent liabilities, from 5.9% to 7.5%. Bad placements of large banks went up at the same rate as total bad placements, by 2.0 percentage points. This rise notwithstanding, this group of banks again had the lowest ratio of bad placements in total placements and contingent liabilities (4.8%). The ratio of bad placements in total placements and contingent liabilities was the highest in the group of small banks (an increase from 6.3% to 8.7%).

In nominal terms, the most significant annual increase in bad placements and contingent liabilities was seen in placements classified into risk category B-1¹⁷ (HRK 4.5bn or 70.5%). As a result, about one half of bad placements and contingent liabilities were classified into that risk category at the end of 2009. Placements classified into risk category B-2 almost doubled in 2009, reporting the highest growth rate of 93.2% (HRK 2.6bn in nominal terms). Placements classified into risk category B-3 went up by 58.6% or about HRK 0.5bn.

The total amount of value adjustments and provisions¹⁸ increased by 31.7% (to HRK 13.5bn) relative to the end of 2008, due to a noticeable increase in the amount of value adjustments and provisions for bad placements (by 50.4%). Collectively assessed impairment provisions slightly decreased (by 1.7%) owing to the decrease in placements and contingent liabilities from risk category A. Due to a growth in total value adjustments and provisions much faster than in that of total placements and contingent liabilities, the year-long downward trend in that ratio came to a halt, with the ratio increasing by 0.8 percentage points or to 3.2% (Table 1.12). The increase in the ratio was observed in all groups of banks, being the highest in medium-sized banks, from 2.3% to 3.7%. After increasing by 0.6 percentage points, the ratio stood at 3.0% in large banks, while it reached 4.0% in small banks (Figure 1.22).

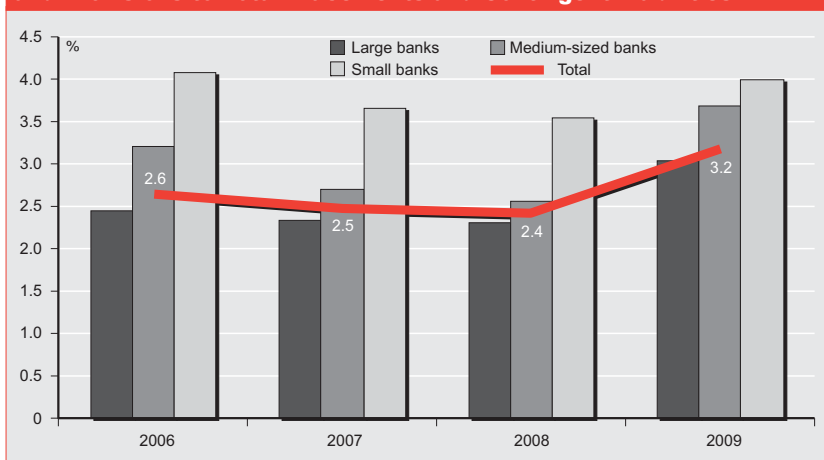
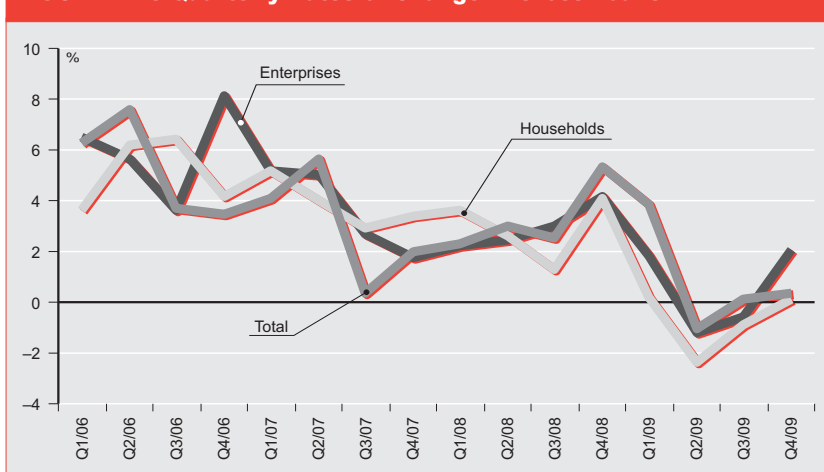
TABLE 1.12 Ratio of Total Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities, end of period, in million HRK and %

	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009
1. Total value adjustments against placements and provisions for contingent liabilities	9,252.2	9,774.6	10,230.1	13,469.1
1.1. Value adjustments against placements and provisions for contingent liabilities	6,201.3	6,290.3	6,555.2	9,856.1
1.2. Collectively assessed impairment provisions	3,050.9	3,484.3	3,674.9	3,613.0
2. Total placements and contingent liabilities	349,630.8	396,421.2	422,478.1	426,623.8
3. Relative ratio: total value adjustments and provisions/total placements and contingent liabilities	2.6	2.5	2.4	3.2

Total bank loans (gross) stood at HRK 261.1bn at the end of 2009, which is an increase of HRK 8.5bn (3.3%) compared to the end of 2008. Analysis of the movements observed in 2009 shows that almost the overall annual increase in loans was accounted for by loans to government units which went up by HRK 10.0bn (46.7%), the bulk of this growth being realised in large banks already in the first quarter of 2009 (Figure 1.23). Bank lending to all other sectors decelerated considerably, except to non-profit institutions, which, however continued to have an insignificant share in total loans. The growth of loans to enterprises (HRK 2.1bn or 2.2%) was the results of roughly equal growth in these loans in large and small banks, notably in the last quarter of 2009. Loans to the household sector

17 Risk category B includes the following three risk subcategories: B-1 with the highest degree of recoverability of contracted claims, higher than 70% and lower than 90%, B-2 with the degree of recoverability of contracted claims between 30% and 70% and B-3 with the lowest degree of recoverability of contracted claims, between 10% and 30%.

18 Bad placements and contingent liabilities (categories B and C) are subject to value adjustments and provisions for individually identified losses due to the impossibility of full recovery. Placements and contingent liabilities classified into risk category A are subject to collectively assessed impairment provisions (value adjustments).

FIGURE 1.22 Ratio of Total Bank Peer Group Value Adjustments and Provisions to Total Placements and Contingent Liabilities**FIGURE 1.23 Quarterly Rates of Change in Gross Loans**

declined by a total of HRK 3.7bn or 3.0%, a trend observed for the first time in the past twelve years, due to the decrease in all types of household loans (except for home loans). All bank groups reported a decrease in loans granted to households, particularly large banks. Most of this decrease was seen in cash and general-purpose loans, utilised lines of credit and other loans which went down by HRK 2.0bn or 3.6%. Car purchase loans followed, with a decrease of HRK 1.8bn, which also was largest annual decrease in relative terms (19.0%). Home loans increased by a modest HRK 642.1m or 0.2%.

This contributed to the change in the sectoral distribution of (gross) loans, i.e. to the increase in the share of loans to government units in total loans (from 8.5% to 12.1%) at the expense of the shares of loans to almost all sectors, notably loans to households (their share declined by 3.0 percentage points to 46.8%).

In 2009, bad loans grew much faster than total loans (by HRK 7.9bn or 63.2%), ending the year at a total of HRK 20.4bn. The bulk of the increase in bad loans was accounted for by bad corporate loans (HRK 5.5bn or 70.6%). Bad household loans (HRK 2.1bn or 41.7%) were the second largest, with bad non-resident loans accounting for only HRK 309.6m. Owing to different growth dynamics

in bad loans by sectors, the share of bad corporate loans rose from 58.0% to 62.6% and the share of bad household loans decreased from 40.1% to 34.8% of total bad loans. Although bad non-resident loans were more than three times higher at the end of 2009 than at the end of 2008, the share of these loans rose by only 1.2 percentage points (to 2.0%), which is ascribed to their small significance.

The growth in bad loans at a rate higher than that observed in total loan portfolio was mirrored in the deterioration in the key indicator of loan quality, i.e. the share of bad loans in total loans which increased from 4.9% to 7.8% and reached its record high since September 2004. Given the deceleration in bank lending, this indicator deteriorated the most in the sector with the highest growth rate of bad loans, i.e. the sector of non-residents in which the share of bad loans was higher than in all other sectors (23.9%). However, it should be noted that the share of (gross) loans of the sector of non-residents in total loans was only 0.7%. Far more significant were the increases in the share of bad loans in total loans in the sector of enterprises and the household sector, by 5.4 and 1.8 percentage points respectively, accounting for 12.9% and 5.8% of total loans in these sectors.

All risk categories of bad loans increased relative to the end of 2008, with the lion's share of this increase being accounted for by the rise in loans classified into risk category B-1 (HRK 4.1bn or 79.4%) and B-2 (HRK 2.4bn or 90.5%). Loans classified into risk category B-3 went up at a slower rate (HRK 472.6m or 63.3%), with loans classified into risk category C (i.e. the loan category of the lowest quality) increasing by HRK 910.1m or 23.4%.

Total due but unpaid loan receivables¹⁹ rose by HRK 4.1bn (43.3%) in 2009, reaching HRK 13.4bn or 5.2% of gross loans. Of the total balance in due but unpaid receivables, a sum of HRK 10.0bn was accounted for by B and C loans, an increase of HRK 3.6bn or 55.2% relative to the end of 2008. The remaining HRK 3.4bn balance was accounted for by due but unpaid A loan receivables, which went up by about HRK 0.5bn or 16.9% relative to the end of 2008. The rise in total but unpaid loan receivables was mostly brought about by the growth in receivables due from enterprises, which, after the increase of HRK 3.0bn (50.7%), accounted for 9.1% of loans granted to enterprises. Due but unpaid household loan receivables went up at a slower rate and, after increasing by HRK 929.6m (29.1%), accounted for 3.4% of total loans to households. The bulk of this increase was accounted for by due but unpaid receivables from cash loans, credit lines and other loans, which had increased by HRK 777.5m or 31.6%, while the largest increase in relative terms was observed in credit card loans (67.5%).

The total balance of loans classified into risk category A, with a payment delay of over 90 days,²⁰ stood at HRK 4.4bn and accounted for 1.8% of total A loans. Of the total amount of A loans with a payment delay of over 90 days, the amount due accounted for HRK 874.6m or 19.7%. Compared with the end of 2008, these loans had gone down by HRK 349.9m or 7.3%, due exclusively to their decrease in the sector of enterprises (by HRK 662.4m or 17.3%), while they had grown in all other sectors. However, the amounts due on A loans with a payment delay of over 90 days increased by HRK 150.8m or 24.13% relative to the end of 2008.

¹⁹ For loans that did not fall due in their entire amount, only the portion that fell due was included. Covered are all loans regardless of risk category.

²⁰ In accordance with the regulations, if A loan receivables are more than 90 days overdue, banks are required to classify these loans into risk category B and to apply the appropriate value adjustment procedure. These receivables may still be classified as risk category A provided the bank has taken legal steps towards collecting its receivables by exercising the instruments of collateral and the debtor's delinquency in meeting obligations does not last for more than two years.

The value adjustments of bank loans stood at HRK 8.7bn at the end of 2009, which is an increase of HRK 2.6bn (43.3%) compared to the end of 2008. Almost the full amount of the increase in value adjustments was accounted for by value adjustments for bad corporate loans (HRK 1.5bn or 53.4%) and value adjustments for cash and general-purpose loans, utilised lines of credit and other household loans (HRK 0.9bn or 38.2%). The rise in value adjustments continued to be lower than the growth in bad loans, with the ratio of value adjustments to bad loans decreasing from 48.7% at the end of 2008 to 42.8% at the end of 2009. The ratio of value adjustments to bad corporate loans decreased by 4.9 percentage points, to 33.2%, while the ratio of value adjustments to bad household loans went down by 2.9 percentage points, ending 2009 at 60.9%. As for household loans, the best ratio of value adjustments to bad loans was seen in loans that are usually backed by lower quality collateral: credit card loans (82.3%) and cash loans, credit lines and other loans (69.9%).

TABLE 1.13 Sectoral Structure of Net Bank Loans, end of period, in million HRK

	Large banks		Medium-sized banks		Small banks		Total	
	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009
1. Government units	20,073.8	30,067.5	1,227.6	1,067.8	193.8	406.9	21,495.2	31,542.2
2. Financial institutions	4,070.7	5,202.8	473.4	356.3	1,252.6	506.1	5,796.7	6,065.1
3. State-owned enterprises	7,750.2	7,358.4	729.9	865.3	62.5	178.0	8,542.7	8,401.7
4. Other enterprises	63,827.6	67,288.4	11,950.2	8,312.3	9,748.3	10,689.8	85,526.0	86,290.5
5. Non-profit institutions	489.3	559.3	40.4	26.0	61.5	61.7	591.1	647.1
6. Households	99,157.2	99,679.0	15,984.6	11,041.1	7,592.0	7,165.4	122,733.8	117,885.5
7. Non-residents	1,820.1	1,482.6	47.7	4.9	51.4	108.7	1,919.1	1,596.3
Total	197,188.8	211,638.1	30,453.9	21,673.7	18,962.1	19,116.5	246,604.8	252,428.3

Compared with the end of 2008, the share of placements covered by quality collateral in total bank placements (excluding contingent liabilities) remained unchanged, i.e. 45.4% of all placements were backed by quality collateral.

The most important instrument of collateral for bank placements²¹ was residential real estate – the share of placements collateralised by residential real estate property in total collateralised placements stood at 36.9%. Then came other instruments (as defined by the internal bylaws of banks) with a share of 23.2% of net placements, followed by commercial real estate (21.2%), guarantees or securities of domestic government units and the CNB (13.1%) and deposits (5.4%). The value of collateral covered 88.8% of the value of collateralised placements, a modest decrease relative to the end of 2008 when this ratio stood at 89.1%.

Large banks had the best collateralised to total placements ratio of 47.6%, followed by small banks (40.5%) and medium-sized banks (29.8%). In large banks, residential real estate was the predominant instrument of collateral, while in the other two bank groups this role was taken by commercial real estate.

²¹ Pursuant to the Decision on supervisory reports of banks (OG 115/2003, 29/2006, 46/2006 and 74/2006) quality collateral is residential and commercial real estate property, deposits, guarantees or securities of domestic government units and the CNB, government units and central banks of OECD member states, domestic banks and banks of OECD member states but also all other instruments specified as quality collateral in internal bank bylaws.

Total placements and contingent liabilities exposed to currency-induced credit risk (CICR²²), i.e. all placements and contingent liabilities in foreign currency and indexed to foreign currency, amounted to HRK 257.4bn²³ or 61.8% of total net placements and contingent liabilities at the end of 2009. Relative to the end of 2008, placements and contingent liabilities exposed to CICR went up by HRK 19.1bn or 8.0%, pushing up their share in total net placements and contingent liabilities by 4.5 percentage points. This was due to the growth in foreign currency and foreign-currency indexed loans to government units and enterprises and home loans to households, which in turn caused a rise in those placements and contingent liabilities not hedged against the effects of CICR of HRK 20.5bn or 18.1% relative to the balance at the end of 2008. Concurrently, owing to the decrease in non-resident loans, some household loans and other types of placements to financial institutions and because of the decrease in contingent liabilities, the hedged amount of total net placements and contingent liabilities fell by HRK 7.2bn or 20.5%. As a result, the share of net placements and contingent liabilities unhedged against CICR rose from 78.9% at the end of 2008 to 81.9% at the end of 2009, i.e. the share of net placements and contingent liabilities hedged against CICR decreased by 3.0 percentage points, to 18.1%. The analysis of individual types of placements shows that loans and contingent liabilities were for the most part unhedged against the effects of CICR (93.1% and 93.0% respectively). Of total net placements and contingent liabilities to households, the largest sector, 96.4% was not hedged against the effects of CICR.

At the end of 2009, a total of 63.5% of net placements and contingent liabilities of large banks was exposed to CICR – 82.5% of them were unhedged. In contrast, medium-sized and small banks had a smaller share of net placements and contingent liabilities exposed to CICR, 51.8% and 54.1% respectively. There was no hedging in the 81.1% of net placements and contingent liabilities of medium-sized banks exposed to the effects of CICR, whereas in small banks this share stood at 74.5%.

1.1.8 Bank Exposure to Liquidity Risk

At the end of 2009, banks' total sources of financing²⁴ were HRK 7.9bn or 2.6% larger than at the end of 2008, totalling HRK 313.3bn. This represents a continuation of the slowdown in the growth of the sources of financing, from 10.7% in 2007 to 5.1% in 2008 and then to 2.6% in 2009. The bulk of the growth in the sources of financing was accounted by their growth in large banks (HRK 7.5bn or 3.0%). Small banks followed with a growth of HRK 0.9bn or 3.7%. In contrast, the sources of financing went down by HRK 0.6bn or 1.9% in the group of medium-sized banks due to a roughly equal decrease in received deposits and in loans.

Viewed by the type of sources of financing, the lion's share of the increase in total sources of financing was accounted for by the growth in deposits, which stood at HRK 9.0bn and was stronger than the growth in total sources of financing. Hence, the share of deposits in total sources of financing went up by 0.9 percentage points. The share of received loans (the second largest source of financing)

22 The risk that, in case of the weakening of domestic currency, clients that do not have stable foreign currency income will not be able to repay their foreign currency or foreign currency-indexed liabilities.

23 Net book value, i.e. the amount reduced by value adjustments.

24 The sources of financing include received deposits, received loans, issued debt securities and issued subordinated and hybrid instruments.

experienced no significant changes, with the decrease from 17.1% to 16.9% being the consequence of the slower growth in this category (HRK 0.8bn or 1.6%) than in total sources of financing. The amount of issued debt securities dropped significantly (by HRK 3.3bn or 96.5%) due to a bond principal repayment by one large bank. After increasing by 0.3 percentage points at the end of 2008, the growth in subordinated and hybrid instruments continued in 2009, their share increasing by another 0.4 percentage points or to 1.1% (Table 1.14).

TABLE 1.14 Structure of Bank Sources of Financing, end of period, in %

	Large banks		Medium-sized banks		Small banks		Total	
	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009	Dec. 2008	Dec. 2009
Deposits	79.7	81.0	85.3	85.5	88.5	87.3	81.1	82.0
Loans	18.6	17.9	11.6	12.6	10.7	11.5	17.1	16.9
Debt securities issued	1.4	0.0	0.0	0.0	0.0	0.0	1.1	0.0
Hybrid and subordinated instruments issued	0.3	1.0	3.1	2.0	0.9	1.1	0.7	1.1
TOTAL SOURCES OF FINANCING	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Deposits and loans of majority foreign owner	19.0	22.0	14.8	8.3	1.2	1.8	17.0	19.1

Deposits continued to be the dominant source of financing in all bank groups and to the largest extent in small banks, where their share was 87.3%. Large banks accounted for the largest share of received loans in total sources of financing (17.9%); this was despite a decrease in their significance relative to the end of 2008 when these loans accounted for 18.6% of total sources of financing. All bank groups increased the amount of issued subordinated and hybrid instruments, particularly large banks (by 73.4%, due almost entirely to the rise in subordinated and hybrid instruments in two banks from the group).

Received deposits went up by almost HRK 9.0bn (or 3.6%), ending 2009 at HRK 256.8bn. They went up the most in large banks, by HRK 8.8bn (or 4.4%) on an annual basis. The smaller share of the total increase was accounted for by small banks (HRK 534.0m or 2.4%), while received deposits in medium-sized banks went down by a total of HRK 373.8m (1.5%) at the end of 2009 relative to the end of 2008.

Loans received by banks increased by a total of HRK 835.4m (1.6%) due to their growth in large banks reaching almost the same level (HRK 835.9m or 1.8%). Changes of the same type but in a different direction, i.e. the increase in loans received in small banks (HRK 325.1m or 12.1%) and the decrease in loans received in medium-sized banks (HRK 325.8m or 8.4%), had a neutral effect on total bank indebtedness.

Sources of funds from majority foreign owners²⁵ were at the end of 2009 used by a total of 12 banks, with their total amount increasing by HRK 7.9bn or 15.1% and reaching HRK 59.8bn. As a result, the share of these sources in total loans and deposits increased by 2.0 percentage points or to 19.3%. The financing of branches continued thanks largely to the rise in deposits received from owners (by HRK 7.0bn or 23.8%), while loans received went up by an additional HRK 0.9bn (or 4.0%). The bulk of the increase in the sources of funds from majority foreign owners (95.3%) was accounted for

²⁵ The further analysis of the sources of financing is limited to received deposits and loans because the current CNB reports do not provide for the distribution of issued debt securities and subordinated and hybrid instruments by sectors and subsectors.

by large banks, where these sources grew at a rate of 24.0%. In relative terms, the largest increase was reported by small banks (31.8%), with medium-sized banks increasing their debt from this source by 17.1%. As a result, all bank groups saw a continued slight increase in the share of sources of funds received from majority foreign owners in total deposits and loans: 22.3% in large banks, 8.4% in medium-sized and 1.8% in small banks. The smallest share of sources of funds received from majority foreign owners in a bank stood at 5.9% and the highest at 39.9% (reported by one large bank).

The household sector continued to have the most significant share in total sources of financing, 45.6%; compared with the end of 2008, it had increased by a slight 0.2%. The sector of non-residents ranked next, with the share of 25.1% and the largest increase in the share at the end of 2009 relative to the end of 2008 (1.7 percentage points). A growth in the share of 0.7 percentage points or to 12.5% was also seen in the sector of domestic financial institutions. In contrast, the shares of enterprises and government units declined from 16.5% and 2.1% to 14.6% and 1.4% respectively.

The household sector remained the largest source of financing in all groups of banks. To the largest extent, this was the case in small banks in which the household sector accounted for 58.9% of total loans and deposits (58.2% at the end of 2008). This share was lower in the other two groups of banks (43.3% in large and 54.2% in medium-sized banks). The share of the household sector increased in medium-sized and small banks by 3.6% and 0.7% respectively in 2009, decreasing by a minimum of 0.1 percentage points in large banks. The non-resident sector accounted for the second largest share in deposits and loans of large banks, coming to almost one third of total sources of financing (28.4%). Domestic financial institutions held the second largest share in received deposits and loans in medium-sized and small banks (17.2% and 18.4% respectively).

The reported rise in total received loans (HRK 835.4m or 1.6%) was for the most part the result of the HRK 2.8bn (22%) increase in borrowing from the most significant domestic creditor – the CBRD. As a result, loans received from the CBRD accounted for 73.7% of all loans received from domestic financial institutions and 29.5% of total received loans. In terms of the volume of change, loans received from non-residents ranked next; they declined by somewhat more than HRK 1.0bn (3.1%) due to the decrease in loans received from other foreign financial institutions (majority foreign owners excluded) of HRK 1.8bn or 18.2% and the increase in loans received from majority foreign owners of HRK 0.9bn or 4.0%. In accordance with these changes, loans from majority foreign owners accounted for the largest share in all non-resident loans (74.5%) and almost one half of all received loans at the end of 2009 (44.6%) (Table 1.15).

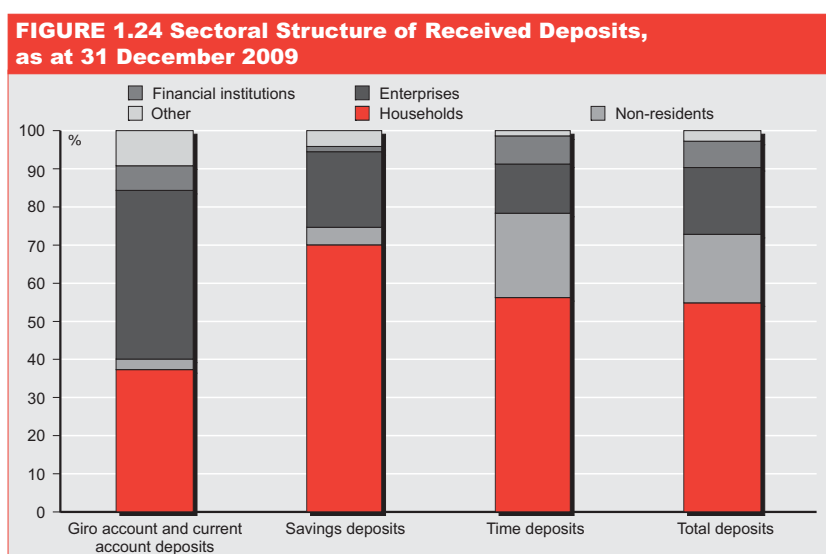
The main source of the annual growth in deposits of almost HRK 9.0bn were non-resident deposits which grew by a total of HRK 8.6bn or 22.9%, while deposits from all domestic sources together

TABLE 1.15 Sectoral Structure of Received Loans, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Dec. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Loans from government units	272.9	0.5	183.3	0.4	-32.8	125.7	0.2	-31.4	62.2	0.1	-50.6
Loans from financial institutions	15,102.5	27.5	20,573.0	39.3	36.2	19,270.0	37.0	-6.3	21,180.5	40.0	9.9
Loans from enterprises	0.0	0.0	189.4	0.4	0.0	3.5	0.0	-98.1	4.6	0.0	29.7
Loans from foreign financial institutions	39,129.4	71.3	31,117.8	59.5	-20.5	32,603.9	62.5	4.8	31,712.7	59.9	-2.7
Loans from other non-residents	360.5	0.7	248.3	0.5	-31.1	129.3	0.2	-47.9	8.0	0.0	-93.8
TOTAL LOANS RECEIVED	54,865.4	100.0	52,311.8	100.0	-4.7	52,132.6	100.0	-0.3	52,968.0	100.0	1.6
Loans from majority foreign owner	22,925.5	41.8	17,600.8	33.6	-23.2	22,735.6	43.6	29.2	23,641.7	44.6	4.0

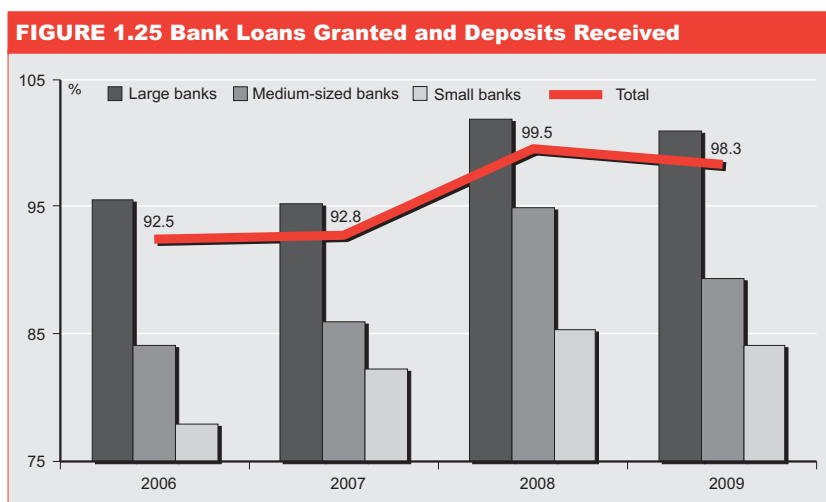
increased by HRK 0.4bn or 0.2%, remaining at almost the same level as at the end of 2008. Among them, the rise was only observed in household deposits (by HRK 5.2bn or 3.8%) and deposits of domestic financial institutions (by HRK 1.5bn or 9.5%), while deposits of all other domestic sectors decreased, particularly deposits of enterprises (by HRK 4.3bn or 8.7%), government (by HRK 1.8bn or 29.7%) and non-profit institutions (by HRK 110.0m or 3.6%). Accordingly, the sector of non-residents was the only sector that contributed with any significance to the change in the structure of total deposits, increasing its share by 2.8 percentage points and enabling banks to offset the fall in deposits of enterprises (the decrease in the share by 2.4 percentage points) and deposits of the government (the decrease in the share by 0.8 percentage points). The share of the household sector remained almost unchanged (it increased by 0.1 percentage point or to 55.0%).

The observed increase in deposits in 2009 was exclusively the consequence of the rise in time deposits (by HRK 16.9bn or 9.3%), with the decrease being observed in giro and current account deposits (by HRK 6.8bn or 16.4%) and savings deposits (by HRK 1.1bn or 4.3%). Relative to the end of 2008, only domestic financial institutions increased the balances of their sight deposits, while all other sectors reported smaller or larger decreases in giro and current account balances and savings account balances. The decrease in sight deposits was offset by the increase in time deposits in all sectors, except in the sectors of enterprises and government units.



Hence, the end of 2009 saw an upward trend in the share of time deposits in total deposits, by 4.0 percentage points or to 77.0%, while the share of giro and current account deposits decreased from 16.7% to 13.4% and the share of savings deposits fell from 10.4% to 9.6%.

The change in the currency structure of deposits in 2009 manifested itself in the continuation of the restructuring process, which favoured the increase in foreign currency deposits and the decrease in kuna deposits and kuna deposits with a currency clause. Foreign currency deposits went up by HRK 27.5bn (19.5%) relative to the end of 2008 on account of the growth in foreign currency time deposits of all sectors, except for government units. Hence, the share of foreign currency deposits in total deposits increased by 8.7 percentage points, accounting for 65.6%. Together with kuna deposits with a currency clause, the share of foreign currency deposits stood at 67.7%. The growth in euro deposits, by a total of HRK 28.1bn or 22.0%, was stronger than the total growth in foreign currency

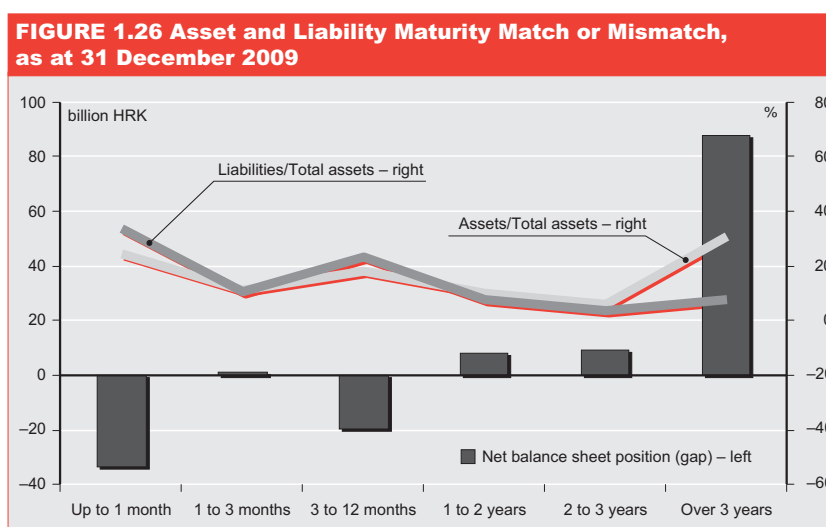


deposits and kuna deposits with a currency clause. Following this increase, euro deposits accounted for 89.7% of foreign currency deposits and kuna deposits with a currency clause and 60.7% of total deposits, their share in total deposits increasing by more than 4.8% relative to the end of 2008.

Total kuna deposits declined by HRK 16.9bn or 16.9%. The fall in kuna time deposits, especially those of enterprises and households and the fall in giro and current account deposits, which are predominantly kuna deposits, resulted in a marked decline in the share of kuna deposits in total deposits of banks. At the end of 2009, they accounted for 32.3% of total deposits, which is a decline of 8.0 percentage points from the end of 2008. The largest relative change was observed in the amount of kuna deposits with a currency clause; they went down by 23.2% or to HRK 1.6bn.

A somewhat faster growth in loans granted than in deposits received at the end of 2009 contributed to a slight decrease in their ratio relative to the end of 2008 (Figure 1.25). The key contributors to this were large banks, in which the ratio remained the largest (100.9%) even after the decrease. Medium-sized and small banks followed with the ratios of 89.4% and 84.1%.

With short-term bank liabilities continuing to exceed short-term bank assets at the end of 2009, the



maturity structure mismatch or the negative cumulative gap²⁶ in the short-term maturity (up to one year) continued to mark banks' balance sheets (Figure 1.26). This mismatch narrowed relative to end of 2008, due notably to the growth in short-term loans and deposits with the CNB, causing the share of assets with a remaining maturity of up to one year to increase by 8.5%. Concurrently, bank liabilities with a remaining maturity of up to one year, mostly deposits, increased less, by only 1.0%. Compared with 2008, there was an increase only in time deposits, almost the entirety of this increase being associated with short-term maturity deposits (up to one year), with the share of deposits with a remaining maturity of up to one year rising from 84.5% to 85.0% of total deposits over a one-year period. Growing insecurity and risk aversion boosted shorter-maturity investment growth. The share of loans with a remaining maturity of up to one year thus rose from 35.4% at the end of 2008 to 40.0% at the end of 2009, while the coverage of short-term liabilities by short-term assets over a one-year period rose by 5.5 percentage points and stood at 79.7% at the end of 2009. It should be borne in mind that the reason behind the growth in the share of short-term loans could lie in the heightened activities of banks relating to prolonged time limits for loan repayments.

1.1.9 Currency Adjustment of Bank Assets and Liabilities

The changes in balance sheet currency structure in 2009 were more significant than the changes in total assets.²⁷ The year 2009 continued to be marked by developments largely resembling to those reported in 2008 which saw a reversal of the trend of kuna assets strengthening observed in the preceding two years and an increase in the share of foreign currency assets and kuna assets with a currency clause. However, the intensity of these developments was somewhat stronger in 2009. Foreign currency assets rose by HRK 9.1bn (10.5%), kuna assets with a currency clause by HRK 14.0bn (10.2%), while kuna assets fell by HRK 14.8bn (10.2%). The share of kuna assets fell by 4.8 percentage points and accounted for 34.5% of the total, while the shares of foreign currency assets and kuna assets with a currency clause, owing to an increase of 1.9 and 2.9 percentage points, respectively, accounted for 25.4% and 40.1%, respectively, of total bank assets.

The growth of foreign currency assets and kuna assets with a currency clause was primarily due to the growth of loans in foreign currency and of kuna loans with a currency clause granted to government units and enterprises, while kuna loans, particularly kuna loans to enterprises, fell considerably. The growth of euro or euro-indexed loans was bigger than the total increase in foreign currency and kuna loans with a currency clause. At the end of 2009, these loans accounted for almost 80.0% of total foreign currency and indexed loans, while the assets in euro or indexed to the euro accounted for 81.8% of total foreign currency assets and kuna assets with a currency clause. The share of loans in Swiss francs (including those indexed to that currency) fell for the second consecutive year and stood at 18.4% at the end of 2009.

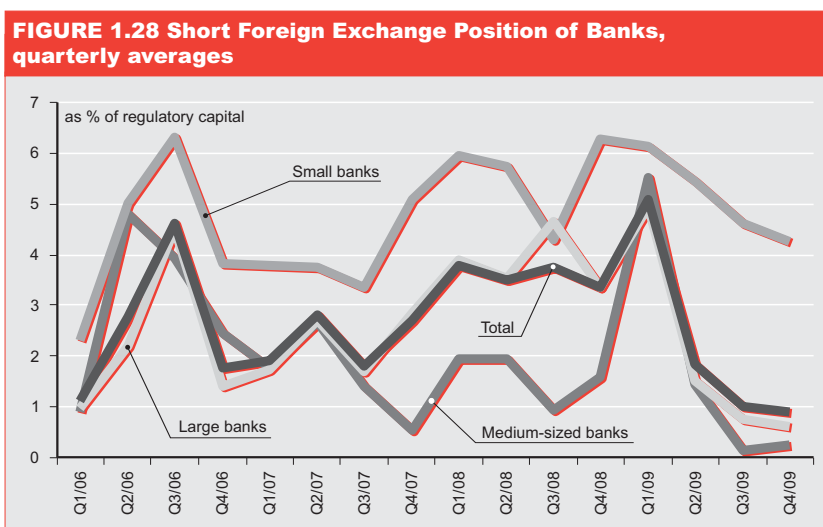
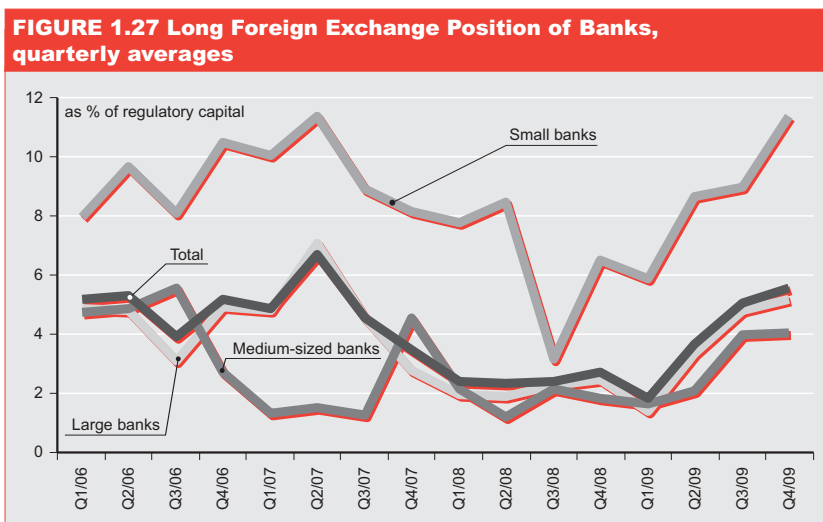
The changes in the currency structure of bank liabilities were mostly the result of movements observed in received deposits. Hence, a noticeable growth in bank foreign currency liabilities at the end

²⁶ This represents the difference between net assets and liabilities with the same period until maturity.

²⁷ Because of a slight strengthening of the exchange rate of the kuna against the euro and the Swiss franc, exchange rate developments did not have any significant effect on the developments in the amount of assets and its foreign currency (and indexed) component. As at 31 December 2009, the exchange rate of the kuna against the euro appreciated by a slight 0.25% compared to the exchange rate as at the end of 2008 (from HRK 7.32/EUR to HRK 7.31/EUR), while the exchange rate of the kuna against the Swiss franc appreciated by an even slighter 0.03%.

of 2009 relative to the end of 2008 (by HRK 26.1bn or 14.5%) was for the most part the consequence of the higher growth in foreign currency time deposits than in total foreign currency liabilities (HRK 28.1bn or 24.0%). The decrease in kuna time deposits and kuna deposits with a currency clause contributed most to the fall in these liabilities. Bank kuna liabilities declined by HRK 17.3bn (10.0%) at the end of 2009 due to the fall in both time deposits and deposits in giro and current accounts. In contrast to bank assets marked by a significant growth in kuna assets with a currency clause, bank liabilities saw a decrease in kuna liabilities with a currency clause of HRK 0.5bn (3.2%). This resulted in the currency restructuring of liabilities, i.e. the strengthening of the share of foreign currency liabilities and the decline in the share of kuna liabilities in bank liabilities. The share of foreign currency liabilities went up by 5.8 percentage points relative to the end of 2008, accounting for 54.4% of total bank liabilities, while the share of kuna liabilities went down by 5.6 percentage points, to 41.4%, in the same period. After decreasing by a minimum 0.2 percentage points, kuna liabilities with a currency clause stood at 4.2%.

During the entire 2008 and in the first quarter of 2009, the average three-month short foreign exchange position was larger than the long position (Figures 1.27 and 1.28). The growing insecurity



and depreciation expectations caused the position to change from short into long at the end of the second quarter of 2009, with the long position remaining larger until the end of the year. At the end of 2009, the average three-month long foreign exchange position accounted for 5.3% of regulatory capital.

In the last quarter of 2009, the long position in all groups of banks was larger than the short position. The long foreign exchange position of large banks accounted for 4.9% of regulatory capital, while the short foreign exchange position of this group of banks accounted for 2.4% of regulatory capital at the end of 2008. The other two bank groups increased their already long positions observed at the end of 2008 (medium-sized banks from 1.8% to 3.9% and small banks from 6.5% to 11.4% of regulatory capital).

1.2 Housing Savings Banks

At the end of 2009, there were five housing savings banks operating in the Republic of Croatia. Apart from the year 2008, the growth rate of housing saving bank assets has been trending downwards since 2005, and at the end of 2009, the assets of housing savings banks declined for the first time (Table 1.16). Housing savings bank assets decreased by 3.3%, contributing to the continuation of the year-long downward trend in the share of housing savings banks assets in total assets of banking institutions. At the end of 2009, it stood at 1.7%.

TABLE 1.16 Structure of Housing Savings Bank Assets, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Dec. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	0.01	0.00	0.02	0.00	200.00	0.02	0.00	13.33	0.02	0.00	23.53
1.1. Money assets	0.01	0.00	0.02	0.00	200.00	0.02	0.00	13.33	0.02	0.00	23.53
1.2. Deposits with the CNB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Deposits with banking institutions	111.51	1.75	47.08	0.72	-57.78	259.74	3.73	451.66	177.76	2.64	-31.56
3. MoF treasury bills and CNB bills	347.66	5.46	255.54	3.90	-26.50	327.72	4.70	28.25	295.39	4.38	-9.87
4. Securities and other financial instruments held for trading	284.39	4.46	156.80	2.40	-44.87	76.52	1.10	-51.20	0.00	0.00	-100.00
5. Securities and other financial instruments available for sale	1,058.33	16.61	1,246.37	19.04	17.77	1,121.08	16.09	-10.05	71.47	1.06	-93.63
6. Securities and other financial instruments held to maturity	1,303.26	20.45	871.21	13.31	-33.15	692.70	9.94	-20.49	794.53	11.79	14.70
7. Securities and other financial instruments not traded in active markets but carried at fair value	1,260.63	19.79	528.44	8.07	-58.08	241.45	3.47	-54.31	99.66	1.48	-58.72
8. Derivative financial assets	5.40	0.08	6.66	0.10	23.30	0.00	0.00	-100.00	0.00	0.00	0.00
9. Loans to financial institutions	69.87	1.10	106.52	1.63	52.45	273.94	3.93	157.17	117.00	1.74	-57.29
10. Loans to other clients	1,713.04	26.89	3,172.30	48.47	85.19	3,780.69	54.28	19.18	4,847.85	71.94	28.23
11. Investments in subsidiaries and associates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Foreclosed and repossessed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13. Tangible assets (net of depreciation)	7.00	0.11	8.05	0.12	15.08	8.75	0.13	8.67	7.47	0.11	-14.59
14. Interest, fees and other assets	250.78	3.94	195.96	2.99	-21.86	240.86	3.46	22.92	383.17	5.69	59.08
15. Net of: Collectively assessed impairment provisions	40.45	0.63	50.13	0.77	23.92	58.00	0.83	15.71	55.86	0.83	-3.69
TOTAL ASSETS	6,371.41	100.00	6,544.81	100.00	2.72	6,965.47	100.00	6.43	6,738.46	100.00	-3.26

There were no changes in the ownership structure of housing savings banks in 2009. Four housing savings banks, whose assets accounted for 97.5% of total housing savings bank assets at the end of 2009, remained in the majority, direct or indirect, ownership of foreign shareholders. The only housing savings bank in majority domestic state ownership increased its share in total housing savings bank assets from 1.6% to 2.5% owing to a significant rise in its assets since 2008.

The number of employees in housing savings banks fell from 416 to 391, this sector's share in the total number of employees in credit institutions decreasing negligibly, from 1.9% to 1.8%.

1.2.1 Housing Savings Bank Balance Sheet

Housing savings bank assets fell by HRK 227.0m or 3.3% from the end of 2008 as a result of a fall in housing savings deposits, which is the basic source of savings bank financing. The fall in the sources of financing notwithstanding, loans granted steadily trended upwards, mainly as a result of placement restructuring, i.e. a fall in securities investments. The amount of assets decreased in three housing savings banks.

Net loans of housing savings banks were slightly below HRK 5.0bn and accounted for 73.7% of total housing savings bank assets, up 15.5 percentage points compared with the end of 2008 (table 1.16). At the same time, as a result of a decline in securities investments, their share in housing savings bank assets fell by 16.6 percentage points and stood at 18.7%. The increase in net loans and a decrease in the securities portfolio were primarily the result of reclassification of a significant amount of securities in the first half of 2009 in one large bank and members of its group, including one housing savings bank. Such a change was made possible by the amendments to the International Accounting Standards (2008), which provided for the reclassification of securities investment portfolios into loans and receivables portfolios, subject to fulfilment of certain conditions.

Of the total amount of net loans, HRK 3.0bn were accounted for by home loans, i.e. loans to the savers of the housing savings banks. Although housing savings based loans rose by 4.3% compared to the end of 2008, the share of loans to savers of housing savings banks in total net loans fell from 70.2% at the end of 2008 to 59.8% at the end of 2009. The reason for that lies in more than a double increase in the amount of claims on government units (101.1%), mainly as a result of the previously described reclassification of securities into the loan portfolio. The inclusion of securities into the loan portfolio caused the share of claims on the government units sector to go up from 23.0% at the end of 2008 to 37.8% at the end of 2009. The remaining 2.4% of the total amount of net loans at the end of 2009 went to loans granted to banks.

At the end of 2009, home loans accounted for the entire loan portfolio in one housing savings bank and in one they accounted for almost its entire loan portfolio. The share of home loans in total net loans was approximately 65.0% in two housing savings banks, while in one housing savings bank these loans accounted for less than 2.0% of its net loans. The higher annual growth rate of home loans in housing savings banks than in banks caused the share of housing savings bank loans in total home loans of credit institutions to go up from 5.2% at the end of 2008 to 5.4% at the end of 2009.

The share of investments in securities in total assets continued to trend downward and, after

accounting for more than two thirds of total assets at the end of 2006, stood at 19.7% at the end of 2009. This was due to the fall in securities investments of housing savings banks for the third consecutive year. The annual rate of fall in these investments stood at 48.7% at the end of 2009, a fall of almost HRK 1.2bn, which can largely be attributed to the previously mentioned securities reclassification into loans and receivables portfolios in one housing savings bank. However, the effect of this change excluded, the fall in the total amount of these placements was still significant, due to a fall in securities investments in three other housing savings banks. In one housing savings bank only did securities account for more than a half in total assets at the end of 2009.

The securities portfolio of housing savings banks was again composed of two instruments: MoF T-bills, accounting for 23.4% of investments, and RC bonds, accounting for 76.6% of total securities investments. At the end of 2009, housing savings distributed the bulk of securities into the held-to-maturity portfolio (66.2%), with the amount of securities distributed into that portfolio increasing by 5.7% compared to the end of 2008. At the end of 2009, 25.9% of total securities investments of housing savings banks were distributed into the available-for-sale portfolio, a decline of 75.8% compared to the end of 2008. Housing savings banks distributed the smallest part, or 7.9% of securities, into the portfolio of securities not traded in active markets and carried at fair value through profit or loss. At the end of 2009, housing savings banks reported no held-for-trading securities.

Compared to the end of 2008, housing savings banks significantly reduced their placements to the financial sector. As a result, at the end of 2009 their deposits with banks were down 31.6% and loans to banks were down 57.3%.

The usual increase in household deposits in the last quarter of the year, associated with government incentives paid to savers in housing savings banks, took place in 2009 as well, although these deposits grew by only 0.8% (Table 1.17). In the first nine months of 2009, household deposits kept falling steadily from quarter to quarter, so that their small increase towards the end of the year could not

TABLE 1.17 Structure of Housing Savings Bank Liabilities, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Dec. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	0.00	0.00	0.18	0.00	0.00	0.15	0.00	-18.23	134.65	2.00	90.879.05
1.1. Short-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	134.54	2.00	100.00
1.2. Long-term loans	0.00	0.00	0.18	0.00	0.00	0.15	0.00	-18.23	0.11	0.00	-23.65
2. Deposits	5,803.62	91.09	6,038.37	92.26	4.04	6,298.11	90.42	4.30	5,713.30	84.79	-9.29
2.1. Giro account and current account deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.2. Savings deposits	0.03	0.00	0.04	0.00	18.18	0.04	0.00	2.56	0.00	0.00	-95.00
2.3. Time deposits	5,803.59	91.09	6,038.33	92.26	4.04	6,298.07	90.42	4.30	5,713.30	84.79	-9.28
3. Other loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1. Short-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2. Long-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Derivative financial liabilities and other financial liabilities held for trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.1. Short-term debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.2. Long-term debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Subordinated instruments issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Hybrid instruments issued	61.70	0.97	39.93	0.61	-35.28	91.31	1.31	128.65	96.13	1.43	5.28
8. Interest, fees and other liabilities	312.51	4.90	223.86	3.42	-28.37	263.36	3.78	17.64	375.08	5.57	42.42
TOTAL LIABILITIES	6,177.83	96.96	6,302.34	96.30	2.02	6,652.92	95.51	5.56	6,319.16	93.78	-5.02
TOTAL CAPITAL	193.58	3.04	242.47	3.70	25.25	312.55	4.49	28.90	419.31	6.22	34.16
TOTAL LIABILITIES AND CAPITAL	6,371.41	100.00	6,544.81	100.00	2.72	6,965.47	100.00	6.43	6,738.46	100.00	-3.26

offset the decline which had taken place before. As a result, overall housing savings bank deposits fell in 2009 by HRK 584.8m or 9.3%, compared to their stock at the end of 2008. The reported annual decrease in deposits was the first one since housing savings banks started operating. Even though deposits of housing savings bank savers again accounted for the bulk of total sources of funds of housing savings banks, their share in total liabilities of housing savings banks fell from 90.4% at the end of 2008 to 84.8% at the end of 2009. Compared to the end of 2008, deposits fell in three housing savings banks.

The fall in deposits, paired with the increase in net loans at the end of 2009, pushed up the ratio of loans granted to deposits received in housing savings banks. It stood at 86.9%, a sizeable increase relative to 64.4% at the end of 2008. The loans granted to deposits received ratio of the household sector also rose. It was up from 45.2% at the end of 2008 to 52.0% at the end of 2009, which means that over one half of the deposits of housing savings bank savers were placed in the form of housing savings bank loans.

Kuna items indexed to a foreign currency, exclusively to the euro, predominated in the currency structure of housing savings bank balance sheet. Of the total amount of assets, almost 87.0% were accounted for by items indexed to the euro. Moreover, items indexed to the euro accounted for 86.1% of total liabilities and capital.

Total capital of housing savings banks was HRK 419.3m at the end of 2009, which was an increase of 34.2% since the end of 2008. There were several factors contributing to the increase in the capital of housing savings banks at the end of 2009, the rise in share capital of HRK 37.0m or 8.2% having the greatest influence in nominal terms, thanks to the recapitalisation carried out in one housing savings bank. All housing savings banks reported profits in 2009, the amount exceeding that realised at the end of 2008 by three and a half times. Due to the reclassification of securities in the portfolio of loans and receivables the overall capital trends were positively impacted by the decrease in value adjustment losses on available-for-sale financial assets in the total amount of HRK 20.9m or 22.3%. In 2009, housing savings banks allocated almost their entire 2008 profit to capital, thus increasing reserves and reducing their retained loss (Table 1.18).

TABLE 1.18 Structure of Housing Savings Bank Total Capital, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Dec. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	287.48	148.51	357.09	147.27	24.21	450.89	144.26	26.27	487.89	116.36	8.21
2. Current year profit/loss	-54.50	-28.15	-44.72	-18.44	-17.95	12.91	4.13	-128.87	49.38	11.78	282.45
3. Retained earnings/loss	-37.12	-19.18	-15.93	-6.57	-57.09	-61.58	-19.70	286.53	-50.03	-11.93	-18.76
4. Legal reserves	2.32	1.20	2.51	1.04	8.09	3.44	1.10	37.00	4.80	1.15	39.62
5. Total reserves provided for by the articles of association and other capital reserves	-13.12	-6.78	-56.49	-23.30	330.55	-93.12	-29.79	64.85	-72.74	-17.35	-21.88
5.1. Reserves provided for by the articles of association and other capital reserves	0.00	0.00	0.00	0.00	0.00	0.62	0.20	-	0.14	0.03	-77.83
5.2. Unrealised gains/losses on value adjustments of financial assets available for sale	-13.12	-6.78	-56.49	-23.30	330.55	-93.74	-29.99	65.94	-72.88	-17.38	-22.25
5.3. Reserves arising from hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Previous year profit/loss	8.52	4.40	0.00	0.00	-100.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL CAPITAL	193.58	100.00	242.47	100.00	25.25	312.55	100.00	28.90	419.31	100.00	34.16

The rise in total capital made an impact on its share in total housing savings bank liabilities, which at the end of 2009 stood at 6.2%.

Regulatory capital of housing savings banks totalled HRK 497.6m at the end of 2009, increasing by 25.9% over the end of 2008. The core capital of housing savings banks went up by 32.3% relative to the end of 2008, thanks to recapitalisation, higher retained earnings and reduced capital loss on value adjustments of financial assets available for sale. Supplementary capital I went up by 5.3%, primarily as a result of the increase in the amount of issued hybrid instruments in one housing savings bank.

Thanks to the increase in regulatory capital at the end of 2009 relative to the end of 2008, the capital adequacy ratio of housing savings banks went up from 13.15% to 16.32%. The weighted amount of net assets grew more slowly than regulatory capital, making a positive contribution to the rise of the capital adequacy ratio. Although net weighted assets were 3.3% lower due to the decrease in investments in securities and lower amount of loans and deposits with banks, their weighted amount was 2.7% higher at the end of 2009 than at the end of 2008. The main reason for the growth of the weighted amount was the higher amount of claims exposed to CICR, which have a risk weight of 100%, i.e. collateralised foreign currency-indexed home loans granted to households, that is, to borrowers with predominantly unmatched currency positions. The amount of these claims went up by 9.5% relative to the end of 2008. The riskiest, inadequately collateralised and foreign currency-indexed claims on households with 150% risk weighting were down 2.9% at the end of 2009 relative to the end of 2008.

The structure of housing savings bank net risk-weighted assets was dominated by non-risk claims from government units, which are assigned a 0% risk weighting, their share accounting for 57.7% and declining slightly relative to the end of 2008. Loans with a currency clause to households that meet the criteria for 100% risk weighting, i.e. that are fully covered by mortgages on residential property, made up 24.0% of net weighted assets at the end of 2009. Loans with a currency clause to households that are not adequately collateralised and are therefore assigned 150% risk weight accounted for 11.8% of net weighted assets. The substantial share of non-risk claims in the structure of housing savings bank net assets is reflected in the level of the average weight, i.e. the ratio of the weighted amount to net assets that are being weighted, which totalled 44.1% at the end of 2009. For instance, for banks this ratio was 75.2% at the end of 2009.

The capital requirement for credit risk increased by 1.8%, accounting for the lion's share of the capital requirements of housing savings banks (98.7%) at the end of 2009, while the capital requirement for currency risk accounted for the remaining 1.3%. At the end of 2009, housing savings banks used 61.3% of their regulatory capital to cover their total capital requirement.

1.2.2 Housing Savings Bank Income Statement

For the second year in a row, housing savings banks reported profits. After-tax profits of housing savings banks totalled HRK 49.4m at the end of 2009, increasing by 282.5% over the end of 2008 (Table 1.19). Profit was reported by all housing savings banks. The increase in profit was a result of the restructuring of placements and the smaller volume of housing savings bank investments in securities paired with the growth in the prices of domestic bonds. Consequently, in 2009 they reported

TABLE 1.19 Housing Savings Bank Income Statement, in million HRK

	Jan.-Dec. 2008	Jan.-Dec. 2009
1. Net interest income	135.89	137.35
1.1. Total interest income	344.24	339.09
1.2. Total interest expenses	208.34	201.74
2. Net income from fees and commissions	67.00	65.61
2.1. Total income from fees and commissions	76.61	74.74
2.2. Total expenses on fees and commissions	9.61	9.13
3. Net other non-interest income	-41.31	-24.06
3.1. Other non-interest income	-15.15	2.60
3.2. Other non-interest expenses	26.16	26.66
4. Net non-interest income	25.69	41.55
5. General administrative expenses and depreciation	127.93	128.20
6. Net operating income before loss provisions	33.65	50.71
7. Total expenses on loss provisions	13.51	-3.14
7.1. Expenses on value adjustments and provisions for identified losses	5.70	-0.28
7.2. Expenses on collectively assessed impairment provisions	7.81	-2.86
8. Income/loss before taxes	20.14	53.85
9. Income tax	7.23	4.47
10. Current year profit/loss	12.91	49.38

profit from their fair value adjustments and reduced the losses arising from the sale or trading of these bonds.

Net income of housing savings banks was HRK 178.9m at the end of 2009, up 10.7% on the end of 2008. In contrast to previous years, when net income of housing savings banks was affected by substantial losses from investments in securities, at the end of 2009 these losses were reduced. Losses on securities trading were reduced by 28.0% relative to the end of 2008, while losses on securities available for sale decreased by 36.4%. The portfolio of securities not traded in an active market and carried at fair value through profit and loss generated a negligible profit of HRK 29.0 thousand, in contrast to 2008, when losses from securities in this portfolio totalled over HRK 9.2m.

The overall result of the fair value adjustment and securities trading at the end of 2009 was a loss of HRK 6.0m. Interest income from these investments was HRK 123.4m, a decrease of 10.8% relative to the end of 2008. As a result, the share of income of housing savings banks from investments in government securities in the structure of interest income shrank from the previous year's 40.2% to 36.4% of total interest income at the end of 2009.

At the end of 2009, total interest income was 1.5% lower than at the end of 2008. In contrast to the said decrease of interest income from securities, interest income from loans went up 3.7%, partly softening the decline in total interest income. Interest income from loans to households went up the most, by HRK 24.9m or 18.1%, while in relative terms interest income from deposits (81.9%) and loans to banks (99.6%) went up even more. Interest income from home loans rose 18.1%, accounting for slightly less than a half of total interest income (47.9%) at the end of 2009, which was an increase in its share relative to the end of 2008 of almost 8 percentage points. Interest expenses were reduced by 3.2% relative to the end of 2008, partly as a result of the decrease in household deposits

and the 1.4% decline in interest expenses on these deposits. In connection with this change, insurance premiums for savings deposits dropped by 19.3%, which greatly contributed to the decrease in the interest expenses of housing savings banks.

By the end of 2009, housing savings banks had generated a 2.4% lower income from fees and commission than by the end of 2008, expenses on fees and commission going down by 5.0%. General administrative expenses and depreciation remained at the previous year's level, so that a sizable increase in net income of housing savings banks resulted in the reduction of the cost to income ratio, from 79.2% at the end of 2008 to 71.7% at the end of 2009. The decline in total placements of housing savings banks resulted in the suspension of expenses on loss provisions, in particular expenses on collectively assessed impairment provisions, which positively affected pre-tax profit.

The increase in profits relative to the end of 2008 contributed to the increase in profitability indicators. Thus, ROAA went up from 0.3% at the end of 2008 to 0.8% at the end of 2009, while ROAE went up from 4.7% to 13.5%.

1.2.3 Housing Savings Bank Exposure to Credit Risk

Total placements and contingent liabilities of housing savings banks amounted to HRK 6.4bn at the end of 2009, a decrease of 3.3% since the end of 2008 (Table 1.20). Balance sheet placements decreased by 2.2% relative to the end of 2008, predominantly under the influence of the decline in investments in securities and placements to banks. Due to the reduction in credit lines and commitments, off-balance sheet placements declined by 69.8% at the end of 2009 relative to the end of 2008. Thus, the already small share of off-balance sheet items in the structure of total gross placements of housing savings banks was additionally reduced, to only 0.5%. Three housing savings banks saw their total placements and contingent liabilities decrease relative to the end of 2008.

The reclassification of securities from the available-for-sale portfolio to the loan portfolio brought about major changes in the structure of gross placements relative to the end of 2008. At the end of 2009, loans made up 77.6% of gross placements, which was 16.3 percentage points more than the year before. At the same time, the share of debt securities and assets available for sale was reduced by 15.3 percentage points to 5.1% of gross placements. The shares of other types of placements did not change significantly.

Fully recoverable placements and contingent liabilities of housing savings banks classified into risk category A fell by 3.2% relative to the end of 2008. So-called bad placements or partly recoverable

TABLE 1.20 Classification of Housing Savings Bank Placements and Contingent Liabilities by Risk Categories, end of period, in million HRK and %

	Dec. 2006		Dec. 2007		Dec. 2008		Dec. 2009	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements and contingent liabilities (category A)	4,540.66	99.84	5,670.27	99.69	6,598.48	99.53	6,385.10	99.64
2. Partly recoverable placements and contingent liabilities (category B)	5.67	0.12	14.93	0.26	24.57	0.37	18.76	0.29
3. Irrecoverable placements and contingent liabilities (category C)	1.44	0.03	2.87	0.05	6.47	0.10	4.22	0.07
Total	4,547.77	100.00	5,688.07	100.00	6,629.52	100.00	6,408.08	100.00

and irrecoverable placements classified into B and C risk categories decreased by 26.0% due to a decline in these placements in one housing savings bank. The assessed quality of total placements of housing savings banks went up slightly at the end of 2009 due to the relatively higher decrease in the amount of B and C placements and a decrease in their share in total placements from 0.5% at the end of 2008 to 0.4% at the end of 2009. At the end of 2009, three housing savings banks estimated part of their placements as only partly recoverable or irrecoverable, while the remaining two classified their placements into the highest quality category, A.

In contrast to banks, where the economic crisis was reflected in the quality of household loans, this was not the impact seen on housing savings banks viewed as a group. The assessed home loan quality of housing savings banks slightly increased at the end of 2009, thanks to the 26.0% reduction in home loans classified into risk categories B and C. The total decline in bad home loans was a result of a fall in the amount of such loans that was reported by one housing savings bank. The share of bad home loans in the total amount of home loans was 0.8%, that is, almost 2 percentage points less than in banks and 0.3 percentage points less than at the end of 2008.

As a result of the decrease in bad placements at the end of 2009, total housing savings bank value adjustments of placements and provisions for contingent liabilities were reduced by 24.8% relative to the end 2008, with the majority of the decrease relating to value adjustments of household loans. Housing savings banks covered 35.2% of their bad placements with value adjustments and provisions for identified losses on an individual basis at the end of 2009. Due to the structure of total placements and contingent liabilities with fully recoverable placements being predominant, collectively assessed impairment provisions continued to account for the major share of total value adjustments and provisions (Table 1.21).

TABLE 1.21 Ratio of Total Housing Savings Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities, end of period, in million HRK and %

	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009
1. Total value adjustments against placements and provisions for contingent liabilities	44.79	57.56	69.77	64.20
1.1. Value adjustments against placements and provisions for contingent liabilities	3.56	6.36	10.75	8.10
1.2. Collectively assessed impairment provisions	41.23	51.21	59.02	56.20
2. Total placements and contingent liabilities	4,547.77	5,688.07	6,629.52	6,408.10
3. Relative ratio: total value adjustments and provisions/total placements and contingent liabilities	0.98	1.01	1.05	1.00

At the end of 2009, 87.0% of net placements and contingent liabilities of housing savings banks, i.e. HRK 5.6bn, were exposed to CIRC, while 8.9% of the exposed placements were hedged against that risk. This relative low percentage of hedged placements continues to be a consequence of the sectoral distribution of placements, i.e. of regulatory limitations based on which housing savings banks may place their funds with two sectors – households and government units, which usually have unmatched currency positions.

2 Notes on Methodology

Data on the business operations of banks, savings banks and housing savings banks are based on unconsolidated audited financial reports submitted to the Croatian National Bank by banks, savings banks and housing savings banks.

Figure 1.1 Number of Banks

With respect to ownership structure, banks in the Republic of Croatia are divided into domestic and foreign-owned banks. A bank is classified as a domestic bank if it is under the majority ownership of domestic natural and legal persons or as a foreign-owned bank if it is under majority ownership of foreign natural and legal persons. The total number of banks is the sum of the domestic and foreign-owned banks. CNB statistics are the source of data on the number of banks.

Table 1.1 Bank Peer Groups and Their Share in Total Bank Assets

In accordance with the selected criterion – the relative share of assets of an individual bank in total bank assets – Table 1.1 shows the bank peer groups. Depending on the size of the relative share of a bank's assets in the total assets of all banks at the end of the reporting period, banks (including savings banks) have been divided into three peer groups: large, medium-sized and small banks. Large banks are banks whose assets exceed 5% of the total assets of all banks, medium-sized banks are banks whose assets are greater than 1% and less than 5% of the total assets of all banks, and small banks are banks whose assets are less than 1% of the total assets of all banks (see Attachment I, List of Banking Institutions by Peer Groups, end of period). Schedule BS1-2 is the source of data on the size (amount) of assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.2 Ownership Structure of Banks and Their Share in Total Bank Assets

With respect to ownership structure, banks in the Republic of Croatia are divided into domestic and foreign-owned banks. Banks under domestic ownership are divided into private domestic banks and state-owned domestic banks. A bank is classified as a private domestic bank if it is under the majority ownership of domestic natural and legal persons, or as a state-owned domestic bank if it is under the majority ownership of governmental units. A bank is classified as a foreign-owned bank if it is under the majority ownership of foreign natural and legal persons. The share of each bank's assets in total bank assets is calculated and shown by the type of ownership. The total number of banks is the sum of the banks under domestic (i.e. domestic private and state ownership) and foreign ownership. CNB statistics and Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) are the source of data on the number of banks.

Table 1.3 Territorial Distribution of Operating Units and ATMs

The total number of operating units and the total number of installed ATMs of all banks in the Republic of Croatia are classified by counties. Zagreb County includes the data on the City of Zagreb. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

Figure 1.2 Concentration of Bank Operating Units and ATMs by Counties

The bars in Figure 1.2 show the relative share of the number of operating units and ATMs by counties at the end of the period. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

Figure 1.3 Share of Operating Units of Bank Peer Groups in the Total Number of Operating Units

The number of operating units of an individual bank peer group is the sum of operating units of all banks classified in the respective peer group. The relative share of operating units in the total number of operating units is shown for each bank peer group. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

Figure 1.4 Share of ATMs of Bank Peer Groups in the Total Number of ATMs

The number of ATMs of an individual bank peer group is the sum of ATMs of all banks classified into the respective peer group. The relative share of ATMs in the total number of ATMs is shown for each bank peer group. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

Figure 1.5 Shares of Assets, Loans and Deposits of the Largest Banks in Total Assets, Loans and Deposits

The criterion for selecting the two largest banks, the first five largest banks and the first ten largest banks in the banking sector is the size of their assets. The share of assets of the selected bank groups in total assets is calculated as a ratio between the sum of assets of the selected bank groups and total assets of all banks, and is stated in percentages. The share of deposits and the share of loans in total deposits and total loans of all banks is calculated in the same manner. Schedule BS1-2 is the source of data on the size (amount) of assets, loans and deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.6 Herfindahl-Hirschman Index (HHI)

The Herfindahl-Hirschman index, which is used to measure the degree of concentration of assets, is calculated on the basis of the following formula:

$$HHI = \sum \left(\frac{\text{assets of a bank}}{\text{total assets of all banks}} \cdot 100 \right)^2$$

Granted loans/received deposits concentration indices are calculated by applying the same formula. The Herfindahl-Hirschman index can vary from 0 (perfectly competitive industry) to 10 000 (monopoly). Schedule BS1-2 is the source of data on the size (amount) of assets, loans and deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.4 Structure of Bank Assets

The share of each balance sheet item of assets in total assets of all banks is calculated on the basis of data from the balance sheets of banks and the aggregate balance sheet of all banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the preceding period. Schedule BS1-2 is the source of data on the structure

of bank assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.7 Quarterly Rates of Change in Bank Peer Group Assets

The rate of change in assets of bank peer groups is calculated as a ratio between assets of an individual bank peer group, i.e. total assets of all banks at the end of the reporting period and assets of an individual bank peer group, i.e. total assets of all banks at the end of the previous quarter. Schedule BS1-2 is the source of data on the quarterly rates of change in assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.8 Structure of Bank Peer Group Assets

The share of individual asset items in total assets is calculated as a ratio between individual asset items and total assets of bank peer groups, i.e. total assets of all banks at the end of the reporting period. Individual asset items comprise money assets and deposits with the CNB, deposits (with banking institutions), securities (including T-bills), loans (loans to financial institutions and other clients), other assets (derivative financial assets, investments in subsidiaries, associates and joint ventures, foreclosed and repossessed assets, tangible assets net of depreciation, and interest, fees and other assets) and collectively assessed impairment provisions. Schedule BS1-2 is the source of data on the structure of assets of bank peer groups (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.5 Structure of Bank Liabilities

Bank liabilities are calculated in the same manner as bank assets in Table 1.4, i.e. the share of each balance sheet item of liabilities in total liabilities of all banks is calculated on the basis of data from the balance sheets of banks and the aggregate balance sheet of all banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of bank liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.9 Structure of Bank Peer Group Liabilities

The share of individual liability items in total liabilities is calculated as a ratio between individual liability items and total liabilities of bank peer groups, i.e. total liabilities of all banks at the end of the reporting period. Individual liability items comprise deposits (giro account and current account deposits, savings deposits and time deposits), loans (loans from financial institutions and other loans), securities (issued debt securities, issued subordinated instruments and issued hybrid instruments), other liabilities (derivative financial liabilities and other financial liabilities held for trading, and interest, fees and other liabilities) and capital.

Schedule BS1-2 is the source of data on the structure of liabilities of bank peer groups (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.10 Structure of Bank Standard Risky Off-Balance Sheet Items

The share of an individual standard risky off-balance sheet item in total standard risky off-balance sheet items is calculated as a ratio between an individual standard risky off-balance sheet item and total standard risky off-balance sheet items at the end of the reporting period. Schedule BS/IBS1-3 is the source of data on the structure of bank standard risky off-balance sheet items (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.6 Structure of Bank Total Capital

Bank capital, as one of the liability items shown in Table 1.5, is presented in detail in Table 1.6 and the share of each stated capital item in the total capital of all banks is calculated as a ratio between each capital item and total capital of all banks. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of bank total capital (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.7 Changes in Bank Regulatory Capital

The regulatory capital is calculated in accordance with the Decision on the capital adequacy of banks (Official Gazette 17/2003, 120/2003, 149/2005, 130/2006, 130/2007 and 31/2008) and the Instruction for the uniform implementation of the Decision on the capital adequacy of banks (Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009). Schedule JK2 is the source of data on the changes in bank regulatory capital (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Figure 1.11 Structure of Bank Regulatory Capital

The columns in Figure 1.11 show the regulatory capital components at the end of the reporting period. The core capital is the amount of core capital decreased by the amount of deduction items, while supplementary capital I and II represent those amounts of supplementary capital I and II that are included in the regulatory capital. Items deducted from gross regulatory capital are the amount of total items deducted from gross regulatory capital. Schedule JK2 is the source of data on the structure of bank regulatory capital (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Figure 1.12 Structure of Bank Risk-Weighted Assets

The columns in Figure 1.12 show the net value of assets weighted by risk at the end of the reporting period. The ratio is used to determine the proportion of total risk-weighted assets to total assets at the end of the reporting period. Schedule PBA1 (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) are the source of data on the structure of bank risk-weighted assets.

Figure 1.13 Bank Capital Adequacy Ratio

The capital adequacy ratio is calculated as a ratio between total regulatory capital of individual bank peer groups, i.e. total regulatory capital of all banks and total risk exposure of individual bank peer groups, i.e. total risk exposure of all banks. Total risk exposure is the sum of credit risk-weighted assets (including risky and derivative off-balance sheet items weighted by credit risk), increased by total foreign exchange position exposure to currency risk, capital requirement for position risks (multiplied by 10), capital requirement for settlement risk and capital requirement for counterparty risk (multiplied by 10), and capital requirement for exceeding the permissible exposure limits (multiplied by 10). Schedule SAK is the source of data on bank capital adequacy ratios (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Figure 1.14 Structure of Bank Total Capital Requirements

The total capital requirements are the sum of capital requirements for credit risk, capital requirements for currency risk, capital requirements for interest rate risk, capital requirements for equity risk, capital requirements for commodity risk, capital requirements for options, capital requirements for settlement risk, capital requirements for counterparty risk and capital requirements for exceeding the permissible exposure limits. Position risks based on interest rate risk and equity risk are divided into specific and general risk. Schedule PKZ is the source of data on the structure of total bank capital requirements (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Table 1.8 Bank Income Statement

Each income statement item is shown cumulatively for all banks and individual bank peer groups on the basis of data from the income statements of banks in the observed periods. The total amount of each income statement item represents the sum of the same income statement items stated in the income statements of banks. Total amounts are calculated for all banks and for individual bank peer groups. Schedule RDG1-1 is the source of data on bank income statement (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.9 Structure of Bank Income

The share of each income item in total income of an individual bank peer group is calculated as a ratio between the sum of the same income items from the income statements of an individual bank peer group and total income earned by the respective peer group. The share of each income item in total income of all banks is calculated in the same manner. Schedule RDG1-1 is the source of data on the structure of bank income (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.10 Structure of Bank Expenses

The structure of expenses is calculated in the same manner as the structure of income in Table 1.9, i.e. the share of each expense item in total expenses of an individual bank peer group is calculated as a ratio between the sum of the same expense items from the income statements of an individual bank peer group and total expenses incurred by the respective peer group. The share of each expense item in total expenses of all banks is calculated in the same manner. Schedule RDG1-1 is the source of data on the structure of bank expenses (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.15 Bank Return on Average Assets (ROAA)

The return on average assets of bank peer groups and all banks is calculated as a ratio between income before taxes and average assets. The average assets of bank peer groups and all banks are calculated as the arithmetic mean of the balance in assets at the end of the reporting period and the balance in assets at the end of the previous year. Schedule BS1-2 and Schedule RDG1-1 are the source of data on the bank return on average assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.16 Bank Return on Average Equity (ROAE)

The return on average equity of bank peer groups and all banks is calculated as a ratio between income after taxes and average equity. The average equity of bank peer groups and all banks is calculated as the arithmetic mean of the balance in equity at the end of the reporting period and the balance

in equity at the end of the previous year. Schedule BS1-2 and Schedule RDG1-1 are the source of data on the bank return on average equity (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.17 Structure of Bank Net Income

The columns in Figure 1.17 show the share of net interest income, net income from fees and commissions and net other non-interest income in total net income of all banks at the end of the reporting period.

Schedule RDG1-1 is the source of data on the structure of bank net income (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.18 Income from Interest-Bearing Assets and Expenses on Interest-Bearing Liabilities

Income from interest-bearing assets is the ratio between total interest income and average interest-bearing assets. Expenses on interest-bearing liabilities are the ratio between total interest expenses and average interest-bearing liabilities. The spread is the difference between the share of interest income in the average interest-bearing assets and the share of interest expenses in the average interest-bearing liabilities. Interest-bearing assets comprise deposits with the CNB (excluding other deposits with the CNB in foreign currency), deposits with banking institutions, debt securities (excluding debt securities held for trading), loans to financial institutions and loans to other clients. The average interest-bearing assets are calculated as the arithmetic mean of the balance in interest-bearing assets at the end of the reporting period and the balance in interest-bearing assets at the end of the previous year. Interest-bearing liabilities comprise received loans, received deposits, issued debt securities, issued subordinated instruments and issued hybrid instruments. The average interest-bearing liabilities are calculated as the arithmetic mean of the balance in interest-bearing liabilities at the end of the reporting period and the balance in interest-bearing liabilities at the end of the previous year. Schedule BS1-2 and Schedule RDG1-1 are the source of data on the income from interest-bearing assets and the expenses on interest-bearing liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.19 Weighted Averages of Bank Monthly Interest Rates

The base for the calculation of the weighted averages of bank monthly interest rates on kuna and foreign currency loans are the amounts of loans bearing corresponding interest rates, which were disbursed during the reporting month, with the exception of interest rates on giro and current account overdrafts, for which the weighted averages were calculated based on the balance of these loans at the end of the reporting month. Interest rates on kuna deposits not tied to the currency clause comprise giro account and current account deposits, savings deposits and time deposits. The averages of interest rates on total kuna deposits not tied to the currency clause and total foreign currency deposits are weighted by the end-of-month balances of all categories included in the calculation. The exceptions are kuna and foreign currency time deposits, whose weighted averages are calculated (since July 1995) on the basis of deposits received in the reporting month. CNB statistics are the source of data.

Figure 1.20 Bank Assets per Employee

The assets of all banks in an individual bank peer group are added up and then divided by the total number of persons employed by the banks in the peer group. The same procedure is applied to the calculation of this indicator for all banks. Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) and Schedule PD3 (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006) are the source of data on bank assets per employee.

Figure 1.21 Bank Operating Expenses

Operating expenses of bank peer groups and all banks together are shown as the ratio between general administrative expenses and depreciation and the sum of net interest income and net non-interest income at the end of the reporting period. Schedule RDG1-1 is the source of data on the bank operating expenses (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.11 Classification of Bank Placements and Contingent Liabilities by Risk Categories

Table 1.11 shows placements and contingent liabilities classified into risk categories and the shares of individual risk categories in total placements and contingent liabilities that are classified according to a degree of risk. Schedule RS1 is the source of data on the classification of bank placements and contingent liabilities by risk categories (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.12 Ratio of Total Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total bank value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. Placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities. Schedule PIV1 and Schedule RS1 are the source of data for these ratios (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Figure 1.22 Ratio of Total Bank Peer Group Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total bank peer group value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. The placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions of all banks in an individual bank peer group are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities of the respective peer group. Schedule PIV1 and Schedule RS1 are the source of data for these ratios (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Figure 1.23 Quarterly Rates of Change in Gross Loans

The rates of change in gross loans in selected sectors are calculated as the ratio between the amount of gross loans to selected sectors at the end of the reporting period and the amount of gross loans to selected sectors at the end of the previous quarter. The rates of change in total gross loans are calculated in the same manner. Schedule RS1 is the source of data on the quarterly rates of change in gross loans (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.13 Sectoral Structure of Net Bank Loans

The net loan exposure to an individual institutional sector is reported for each bank peer group as well as for all banks together. Schedule BS/KRED1-7 is the source of data on the sectoral structure of net bank loans (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.14 Structure of Bank Sources of Financing

The structure of sources of financing is shown for all bank peer groups and for all banks together. The share of individual sources of financing in total sources of financing is calculated as a ratio between individual sources of financing and total sources of financing. The share of deposits and loans of majority foreign owners is shown under separate line item and calculated in the same manner as above. Schedule BS1-2, Schedule BS/DEP1-8 and Schedule BS/OK1-9 are the source of data on the structure of bank sources of financing (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.15 Sectoral Structure of Received Loans

The amount of loans received from institutional sectors and their shares in total received loans are shown for all banks. The share of loans received from an individual institutional sector in total received loans is calculated as a ratio between the amount of loans received from an individual institutional sector and the amount of total received loans. The amount and the share of loans from majority foreign owners in total received loans are shown under separate line item. Schedule BS/OK1-9 is the source of data on the sectoral structure of received loans (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.24 Sectoral Structure of Received Deposits

Figure 1.24 shows the share of an individual institutional sector in giro account and current account deposits, savings deposits, time deposits and total deposits. The shares of individual institutional sectors are calculated as a ratio between giro account and current account deposits, savings deposits, time deposits and total deposits of an individual institutional sector and total giro account and current account deposits, savings deposits, time deposits and total deposits of all institutional sectors. Schedule BS/DEP1-8 is the source of data on the sectoral structure of received deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.25 Bank Loans Granted and Deposits Received

Figure 1.25 shows the ratio between total net loans granted by individual bank peer groups and all banks and total deposits received by individual bank peer groups and all banks at the end of the reporting period. Schedule BS1-2 is the source of data on the bank loans granted and deposits received (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.26 Asset and Liability Maturity Match or Mismatch

The maturity match or mismatch between assets and liabilities is shown by remaining maturity and on a net basis. The assets by remaining maturity are calculated as a ratio between assets classified by remaining maturity terms and total assets at the end of the reporting period. The liabilities by remaining maturity are calculated as a ratio between liabilities classified by remaining maturity terms and total assets at the end of the reporting period. The net balance sheet position (gap) shows the mismatch between the maturity structures of assets and liabilities and represents the difference between assets and liabilities classified by maturity terms. Schedule BS/ROC1-14 is the source of data on the assets and liabilities classified by remaining maturity terms (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.27 Long Foreign Exchange Position of Banks

Each bank peer group ratio between its long foreign exchange position (f/c claims exceeding f/c

liabilities) and its regulatory capital is calculated in the following manner. First, the average long foreign exchange positions reported in a certain quarter by all banks in an individual bank peer group are added up. Second, the regulatory capital of all banks in the respective peer group is added up. The sums thus calculated are mutually divided. Schedule JK2 (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and Schedule VR-2 (Decision on the limitation of bank exposure to foreign exchange risk – Official Gazette 17/2003, 39/2006, 130/2006 and 25/2009) are the source of data on the long foreign exchange position of banks.

Figure 1.28 Short Foreign Exchange Position of Banks

Each bank peer group ratio between its short foreign exchange position (f/c liabilities exceeding f/c claims) and its regulatory capital is calculated in the following manner. First, the average short foreign exchange positions reported in a certain quarter by all banks in an individual bank group are added up. Second, the regulatory capital of all banks in the respective peer group is added up. The sums thus calculated are mutually divided. Schedule JK2 (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and Schedule VR-2 (Decision on the limitation of bank exposure to foreign exchange risk – Official Gazette 17/2003, 39/2006, 130/2006 and 25/2009) are the source of data on the short foreign exchange position of banks.

Table 1.16 Structure of Housing Savings Bank Assets

The share of each balance sheet item of assets in total assets of all housing savings banks is calculated on the basis of data from the balance sheets of housing savings banks and the aggregate balance sheet of all housing savings banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the preceding period. Schedule BS1-2 is the source of data on the structure of housing savings bank assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.17 Structure of Housing Savings Bank Liabilities

Housing savings bank liabilities are calculated in the same manner as housing savings bank assets in Table 1.16, i.e. the share of each balance sheet item of liabilities in total liabilities of all housing savings banks is calculated on the basis of data from the balance sheets of housing savings banks and the aggregate balance sheet of all housing savings banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of housing savings bank liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.18 Structure of Housing Savings Bank Total Capital

Housing savings bank capital, as one of the liability items shown in Table 1.17, is presented in detail in Table 1.18 and the share of each stated capital item in the total capital of all housing savings banks is calculated as the ratio between each capital item and total capital of all housing savings banks. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of housing savings bank total capital (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.19 Housing Savings Bank Income Statement

Each income statement item is shown cumulatively for all housing savings banks on the basis of data from the income statements of housing savings banks in the observed periods. Schedule RDG1-1 is the source of data on housing savings bank income statement (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.20 Classification of Housing Savings Bank Placements and Contingent Liabilities by Risk Categories

Table 1.20 shows placements and contingent liabilities classified into risk categories and the shares of individual risk categories in total placements and contingent liabilities that are classified according to a degree of risk. Schedule RS1 is the source of data on the classification of housing savings bank placements and contingent liabilities by risk categories (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.21 Ratio of Total Housing Savings Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total housing savings bank value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. Placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities. Schedule PIV1 and Schedule RS1 are the source of data for these ratios (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

3 List of Banks, Savings Banks and Housing Savings Banks

The list of banks, savings banks and housing savings banks contains data on addresses, telephone numbers, fax numbers, members of management and supervisory boards, shareholders and auditors of these institutions. The key financial data and capital adequacy ratios are also enclosed.

Data on shareholders who hold 3% or more of share in the share capital of an institution, and financial and capital adequacy data are as at 31 December 2009. They are based on audited financial reports submitted to the Croatian National Bank by banks, savings banks and housing savings banks.

Data on members of management and supervisory boards are as at 1 June 2010.

Data on auditors relate to audits performed in 2009.

A ŠTEDNA BANKA MALOG PODUZETNIŠTVA d.d.

Radnička cesta 45, 10000 Zagreb
 Phone: +385 1/2226-522
 Fax: +385 1/2226-523
 BAN¹ 6717002
 www.abanka.com.hr

Management Board

Dubravka Filipčić – chairperson, Andreja Bučanac

Supervisory Board

Goran Crnčević – chairperson, Edo Crnčević,
 Marin Crnčević, Jakov Čović Pavišić, Tonči Peović

Shareholders

	Share in share capital (%)
1. Alen Bokšić	9.90
2. Spectator Solis d.o.o.	9.90
3. Adriatic jahte d.o.o.	9.50
4. Goran Crnčević	9.30
5. Edo Crnčević	9.30
6. Marin Crnčević	9.30
7. Mirna Nagler-Crnčević	9.30
8. Spectator Avant d.o.o.	9.00
9. Spectator Grupa d.o.o.	9.00
10. Matjaž Marinšek	6.00
11. Srđan Barović	5.10
12. Krešimir Boranić	4.40

Audit firm for 2009:
 HLB Revidicon d.o.o., Varaždin

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	995
1.1. Money assets	8
1.2. Deposits with the CNB	987
2. Deposits with banking institutions	25
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	6,800
10. Loans to other clients	12,092
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	1,125
14. Interest, fees and other assets	515
15. Net of: Collectively assessed impairment provisions	192
TOTAL ASSETS	21,359

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	9,128
2.1. Giro account and current account deposits	1,143
2.2. Savings deposits	0
2.3. Time deposits	7,985
3. Other loans	1,167
3.1. Short-term loans	0
3.2. Long-term loans	1,167
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	922
TOTAL LIABILITIES	11,217
9. Capital	10,143
TOTAL LIABILITIES AND CAPITAL	21,359

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	1,138
1.1. Total interest income	1,695
1.2. Total interest expenses	558
2. Net income from fees and commissions	-72
2.1. Total income from fees and commissions	7
2.2. Total expenses on fees and commissions	79
3. Net other non-interest income	654
3.1. Other non-interest income	677
3.2. Other non-interest expenses	23
4. Net non-interest income	582
5. General administrative expenses and depreciation	6,380
6. Net operating income before loss provisions	-4,660
7. Total expenses on loss provisions	197
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on collectively assessed impairment provisions	197
8. Income (loss) before taxes	-4,857
9. Income tax	0
10. Current year profit (loss)	-4,857

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	170
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	300
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	470

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

82.22

¹ Bank account number.

BANCO POPOLARE CROATIA d.d.

Petrovaradinska 1, 10000 Zagreb
 Phone: +385 1/4653-400
 Fax: +385 1/4653-409
 BAN 4115008
 www.bpc.hr

Shareholders**Share in share capital (%)**

1. Banco Popolare Società Cooperativa 97.98

Audit firm for 2009:
 Ernst & Young d.o.o., Zagreb

Management Board

Goran Gazivoda – chairperson, Ivan Dujmović

Supervisory Board

Giuseppe Malerbi – chairperson, Lorenzo Chiappini,
 Samuele Fraizzoli, Paolo Taverna, Željko Perić

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	220,332
1.1. Money assets	20,071
1.2. Deposits with the CNB	200,261
2. Deposits with banking institutions	237,224
3. MoF treasury bills and CNB bills	92,303
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	901
6. Securities and other financial instruments held to maturity	9,935
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	15,000
10. Loans to other clients	1,437,111
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	754
13. Tangible assets (net of depreciation)	60,131
14. Interest, fees and other assets	30,328
15. Net of: Collectively assessed impairment provisions	16,935
TOTAL ASSETS	2,087,084

Liabilities and capital	
1. Loans from financial institutions	316,222
1.1. Short-term loans	9,995
1.2. Long-term loans	306,227
2. Deposits	1,438,328
2.1. Giro account and current account deposits	70,627
2.2. Savings deposits	37,998
2.3. Time deposits	1,329,703
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	120
8. Interest, fees and other liabilities	92,428
TOTAL LIABILITIES	1,847,098
9. Capital	239,987
TOTAL LIABILITIES AND CAPITAL	2,087,084

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	67,706
1.1. Total interest income	155,252
1.2. Total interest expenses	87,546
2. Net income from fees and commissions	15,262
2.1. Total income from fees and commissions	18,389
2.2. Total expenses on fees and commissions	3,127
3. Net other non-interest income	-6,624
3.1. Other non-interest income	1,241
3.2. Other non-interest expenses	7,865
4. Net non-interest income	8,638
5. General administrative expenses and depreciation	97,956
6. Net operating income before loss provisions	-21,612
7. Total expenses on loss provisions	35,740
7.1. Expenses on value adjustments and provisions for identified losses	34,746
7.2. Expenses on collectively assessed impairment provisions	994
8. Income (loss) before taxes	-57,352
9. Income tax	-163
10. Current year profit (loss)	-57,189

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	8,407
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	27,774
5. Other standard risky off-balance sheet items	1,683
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	37,864

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

12.41

BANKA BROD d.d.

Zajčeva 21, 35000 Slavonski Brod
 Phone: +385 35/445-711
 Fax: +385 35/445-755
 BAN 4124003
 www.banka-brod.hr

Management Board

Zdenko Vidaković – chairperson, Mićo Tomičić

Supervisory Board

Damir Kreso – chairperson, Pero Ćosić, Damir Tus

Shareholders

	Share in share capital (%)
1. Mićo Tomičić	8.06
2. Damir Kreso	7.98
3. Zdenko Vidaković	7.84
4. Mara Tomičić	7.83
5. Maja Vidaković	7.83
6. Slobodanka Kreso	7.71
7. Razija Kreso	6.58
8. Karlo Tomičić	6.58
9. Mirko Vidaković	6.58
10. Neđo Jelčić	5.95
11. Željko Rački	3.62
12. Višnja Rački	3.59

Audit firm for 2009:
 BDO Revizija Zagreb d.o.o., Zagreb

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	162,074
1.1. Money assets	71,808
1.2. Deposits with the CNB	90,265
2. Deposits with banking institutions	61,154
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	27,067
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	235,313
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	4,527
14. Interest, fees and other assets	5,340
15. Net of: Collectively assessed impairment provisions	3,931
TOTAL ASSETS	491,544

Liabilities and capital	
1. Loans from financial institutions	2,469
1.1. Short-term loans	0
1.2. Long-term loans	2,469
2. Deposits	411,016
2.1. Giro account and current account deposits	14,813
2.2. Savings deposits	4,097
2.3. Time deposits	392,106
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	19,326
TOTAL LIABILITIES	432,812
9. Capital	58,732
TOTAL LIABILITIES AND CAPITAL	491,544

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	20,535
1.1. Total interest income	43,994
1.2. Total interest expenses	23,458
2. Net income from fees and commissions	2,514
2.1. Total income from fees and commissions	4,254
2.2. Total expenses on fees and commissions	1,740
3. Net other non-interest income	3,067
3.1. Other non-interest income	4,826
3.2. Other non-interest expenses	1,758
4. Net non-interest income	5,581
5. General administrative expenses and depreciation	16,304
6. Net operating income before loss provisions	9,813
7. Total expenses on loss provisions	4,464
7.1. Expenses on value adjustments and provisions for identified losses	4,049
7.2. Expenses on collectively assessed impairment provisions	415
8. Income (loss) before taxes	5,350
9. Income tax	1,120
10. Current year profit (loss)	4,229

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	4,704
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	188
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	4,893

Derivative financial instruments	
1. Futures	0
2. Options	4,706
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	4,706

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

14.37

BANKA KOVANICA d.d.

Preradovićeva 29, 42000 Varaždin
 Phone: +385 42/403-403
 Fax: +385 42/212-148
 BAN 4133006
 www.kovanica.hr

Management Board

Radojka Olić – chairperson, Darko Kosovec,
 Gian Luigi Bonfe

Supervisory Board

Gilberto Ghiotti – chairperson, Ivan Majdak, Vladimiro
 Renzi, Andrea Albertini, Davor Štern, Pier Luigi
 Martelli, Aldo Busignani

Shareholders

	Share in share capital (%)
1. Cassa di Risparmio della Repubblica di San Marino S.p.A.	99.02

Audit firm for 2009:
 Nexia revizija d.o.o., Zagreb

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	141,402
1.1. Money assets	11,828
1.2. Deposits with the CNB	129,574
2. Deposits with banking institutions	101,364
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	4,603
6. Securities and other financial instruments held to maturity	40,499
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	25,000
10. Loans to other clients	823,351
11. Investments in subsidiaries and associates	141
12. Foreclosed and repossessed assets	11,717
13. Tangible assets (net of depreciation)	31,278
14. Interest, fees and other assets	32,802
15. Net of: Collectively assessed impairment provisions	10,899
TOTAL ASSETS	1,201,256

Liabilities and capital	
1. Loans from financial institutions	52,927
1.1. Short-term loans	38,455
1.2. Long-term loans	14,472
2. Deposits	907,752
2.1. Giro account and current account deposits	26,897
2.2. Savings deposits	31,114
2.3. Time deposits	849,742
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	97,574
8. Interest, fees and other liabilities	42,613
TOTAL LIABILITIES	1,100,866
9. Capital	100,390
TOTAL LIABILITIES AND CAPITAL	1,201,256

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	30,261
1.1. Total interest income	78,678
1.2. Total interest expenses	48,417
2. Net income from fees and commissions	3,791
2.1. Total income from fees and commissions	5,008
2.2. Total expenses on fees and commissions	1,217
3. Net other non-interest income	17,795
3.1. Other non-interest income	20,314
3.2. Other non-interest expenses	2,519
4. Net non-interest income	21,585
5. General administrative expenses and depreciation	52,798
6. Net operating income before loss provisions	-952
7. Total expenses on loss provisions	20,549
7.1. Expenses on value adjustments and provisions for identified losses	18,526
7.2. Expenses on collectively assessed impairment provisions	2,023
8. Income (loss) before taxes	-21,501
9. Income tax	0
10. Current year profit (loss)	-21,501

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	7,782
2. Letters of credit	4,568
3. Bills of exchange	0
4. Credit lines and commitments	34,602
5. Other standard risky off-balance sheet items	7
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	46,959

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	601
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	601

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

15.43

BANKA SPLITSKO-DALMATINSKA d.d.

114. brigade 9, 21000 Split
Phone: +385 21/540-280
Fax: +385 21/540-290
BAN 4109006
www.bsd.hr

Management Board

Ante Blažević – chairperson, Ivo Krolo

Supervisory Board

Irena Kalebić Bašić – chairperson, Nediljko Ivančević,
Ivan Filipović

Shareholders

	Share in share capital (%)
1. Juroslav Buljubašić	31.49
2. Hypo Alpe-Adria-Bank d.d. (custody account)	9.84
3. Blue Line	9.83
4. Mirko Vukušić	9.13
5. Joško Dvornik	5.75
6. Nataša Vuković	5.30
7. Mira Marić Banje	3.65
8. HPB d.d. (custody account)	3.10
9. Jakiša Medić	3.02

Audit firm for 2009:
BAŠREVIZOR d.o.o., Split

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	25,878
1.1. Money assets	5,731
1.2. Deposits with the CNB	20,147
2. Deposits with banking institutions	46,762
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	1,211
5. Securities and other financial instruments available for sale	3,328
6. Securities and other financial instruments held to maturity	369
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	130,635
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	230
13. Tangible assets (net of depreciation)	15,054
14. Interest, fees and other assets	4,834
15. Net of: Collectively assessed impairment provisions	1,944
TOTAL ASSETS	226,356

Liabilities and capital	
1. Loans from financial institutions	117
1.1. Short-term loans	0
1.2. Long-term loans	117
2. Deposits	162,900
2.1. Giro account and current account deposits	1,712
2.2. Savings deposits	3,354
2.3. Time deposits	157,834
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	9,974
TOTAL LIABILITIES	172,991
9. Capital	53,366
TOTAL LIABILITIES AND CAPITAL	226,356

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	12,958
1.1. Total interest income	20,739
1.2. Total interest expenses	7,781
2. Net income from fees and commissions	688
2.1. Total income from fees and commissions	1,124
2.2. Total expenses on fees and commissions	436
3. Net other non-interest income	754
3.1. Other non-interest income	2,143
3.2. Other non-interest expenses	1,389
4. Net non-interest income	1,442
5. General administrative expenses and depreciation	12,461
6. Net operating income before loss provisions	1,938
7. Total expenses on loss provisions	509
7.1. Expenses on value adjustments and provisions for identified losses	267
7.2. Expenses on collectively assessed impairment provisions	242
8. Income (loss) before taxes	1,429
9. Income tax	342
10. Current year profit (loss)	1,087

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	2,263
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	1,035
5. Other standard risky off-balance sheet items	8
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	3,307

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

25.45

BKS BANK d.d.

Mijekarski trg 3, 51000 Rijeka
 Phone: +385 51/353-555
 Fax: +385 51/353-566
 BAN 2488001
 www.bks.hr

Shareholders

1. BKS Bank AG

**Share in share
 capital (%)**
 100.00

Audit firm for 2009:
 KPMG Croatia d.o.o., Zagreb

Management Board

Goran Rameša – chairperson, Christian Peter
 Pettinger

Supervisory Board

Herta Stockbauer – chairperson, Heimo Penker,
 Ludwig-Hubert Ankele, Josef Morak, Harald Richard
 Brunner

**Balance Sheet
 as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	66,853
1.1. Money assets	2,413
1.2. Deposits with the CNB	64,440
2. Deposits with banking institutions	93,607
3. MoF treasury bills and CNB bills	106,424
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,376
6. Securities and other financial instruments held to maturity	26,637
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	285,718
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	383
13. Tangible assets (net of depreciation)	24,788
14. Interest, fees and other assets	16,103
15. Net of: Collectively assessed impairment provisions	5,487
TOTAL ASSETS	616,402

Liabilities and capital	
1. Loans from financial institutions	54,714
1.1. Short-term loans	11,922
1.2. Long-term loans	42,791
2. Deposits	400,046
2.1. Giro account and current account deposits	94,893
2.2. Savings deposits	39,736
2.3. Time deposits	265,417
3. Other loans	70,575
3.1. Short-term loans	55,963
3.2. Long-term loans	14,612
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	16,903
TOTAL LIABILITIES	542,238
9. Capital	74,164
TOTAL LIABILITIES AND CAPITAL	616,402

**Income Statement
 as at 31 December 2009, in thousand HRK**

1. Net interest income	16,856
1.1. Total interest income	31,002
1.2. Total interest expenses	14,146
2. Net income from fees and commissions	7,326
2.1. Total income from fees and commissions	10,559
2.2. Total expenses on fees and commissions	3,233
3. Net other non-interest income	2,536
3.1. Other non-interest income	3,257
3.2. Other non-interest expenses	721
4. Net non-interest income	9,862
5. General administrative expenses and depreciation	23,817
6. Net operating income before loss provisions	2,901
7. Total expenses on loss provisions	2,103
7.1. Expenses on value adjustments and provisions for identified losses	860
7.2. Expenses on collectively assessed impairment provisions	1,243
8. Income (loss) before taxes	798
9. Income tax	127
10. Current year profit (loss)	671

**Off-Balance Sheet Items
 as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	47,499
2. Letters of credit	138
3. Bills of exchange	0
4. Credit lines and commitments	29,419
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	77,056

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2009**

14.16

CENTAR BANKA d.d.

Amruševa 6, 10000 Zagreb
Phone: +385 1/4803-444
Fax: +385 1/4803-441
BAN 2382001
www.centarbanka.hr

Shareholders

1. Heruc d.d.	41.23
2. PBZ Invest d.o.o.	6.06
3. Heruc Euroholding LTD	3.85

Share in share capital (%)**Management Board**

Fran Renko – chairperson, Gordana Amančić

Audit firm for 2009:

Nexia revizija d.o.o., Zagreb

Supervisory Board

Dragutin Biondić – chairperson, Igor Knežević, Zlatko Mateša, Dragutin Kalogjera, Milenko Umičević

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	112,774
1.1. Money assets	7,176
1.2. Deposits with the CNB	105,598
2. Deposits with banking institutions	84,574
3. MoF treasury bills and CNB bills	60,199
4. Securities and other financial instruments held for trading	2,389
5. Securities and other financial instruments available for sale	10,697
6. Securities and other financial instruments held to maturity	52,144
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	1,043,747
11. Investments in subsidiaries and associates	5,000
12. Foreclosed and repossessed assets	18,880
13. Tangible assets (net of depreciation)	2,915
14. Interest, fees and other assets	28,276
15. Net of: Collectively assessed impairment provisions	12,728
TOTAL ASSETS	1,408,868

Liabilities and capital	
1. Loans from financial institutions	363,410
1.1. Short-term loans	127,415
1.2. Long-term loans	235,994
2. Deposits	803,615
2.1. Giro account and current account deposits	120,629
2.2. Savings deposits	18,501
2.3. Time deposits	664,485
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	46,236
TOTAL LIABILITIES	1,213,261
9. Capital	195,607
TOTAL LIABILITIES AND CAPITAL	1,408,868

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	53,510
1.1. Total interest income	110,206
1.2. Total interest expenses	56,695
2. Net income from fees and commissions	14,988
2.1. Total income from fees and commissions	20,245
2.2. Total expenses on fees and commissions	5,257
3. Net other non-interest income	3,442
3.1. Other non-interest income	6,416
3.2. Other non-interest expenses	2,974
4. Net non-interest income	18,430
5. General administrative expenses and depreciation	50,873
6. Net operating income before loss provisions	21,068
7. Total expenses on loss provisions	9,679
7.1. Expenses on value adjustments and provisions for identified losses	9,631
7.2. Expenses on collectively assessed impairment provisions	48
8. Income (loss) before taxes	11,389
9. Income tax	2,375
10. Current year profit (loss)	9,014

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	171,702
2. Letters of credit	17,944
3. Bills of exchange	0
4. Credit lines and commitments	65,191
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	254,836

Derivative financial instruments	
1. Futures	0
2. Options	10,613
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	10,613

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

11.86

CREDO BANKA d.d.

Zrinsko-Frankopanska 58, 21000 Split
 Phone: +385 21/340-410
 Fax: +385 21/380-683
 BAN 2491005
 www.credobanka.hr

Management Board

Šime Luketin – chairperson, Mato Mišić

Supervisory Board

Boris Barač – chairperson, Mirko Vuković, Dražen Bilić

Shareholders

	Share in share capital (%)
1. Mirko Vuković	31.93
2. Boris Barač	24.17
3. Kvarner Vienna Insurance Group d.d.	6.66
4. Kapitalni fond d.d.	4.83
5. Simag d.o.o.	4.66
6. Marko Vuković	4.49
7. Alkom d.o.o.	4.18

Audit firm for 2009:

Kalibović i Partneri d.o.o., Zagreb

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	169,690
1.1. Money assets	14,174
1.2. Deposits with the CNB	155,516
2. Deposits with banking institutions	110,912
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	10,343
6. Securities and other financial instruments held to maturity	39,005
7. Securities and other financial instruments not traded in active markets but carried at fair value	4
8. Derivative financial assets	0
9. Loans to financial institutions	5,165
10. Loans to other clients	1,063,197
11. Investments in subsidiaries and associates	20
12. Foreclosed and repossessed assets	8,728
13. Tangible assets (net of depreciation)	19,727
14. Interest, fees and other assets	31,641
15. Net of: Collectively assessed impairment provisions	13,107
TOTAL ASSETS	1,445,324

Liabilities and capital	
1. Loans from financial institutions	200,348
1.1. Short-term loans	61,994
1.2. Long-term loans	138,355
2. Deposits	1,022,448
2.1. Giro account and current account deposits	154,576
2.2. Savings deposits	124,354
2.3. Time deposits	743,518
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	22,886
8. Interest, fees and other liabilities	66,945
TOTAL LIABILITIES	1,312,627
9. Capital	132,698
TOTAL LIABILITIES AND CAPITAL	1,445,324

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	42,712
1.1. Total interest income	100,583
1.2. Total interest expenses	57,871
2. Net income from fees and commissions	12,164
2.1. Total income from fees and commissions	14,844
2.2. Total expenses on fees and commissions	2,679
3. Net other non-interest income	6,500
3.1. Other non-interest income	10,454
3.2. Other non-interest expenses	3,954
4. Net non-interest income	18,664
5. General administrative expenses and depreciation	42,564
6. Net operating income before loss provisions	18,813
7. Total expenses on loss provisions	16,250
7.1. Expenses on value adjustments and provisions for identified losses	15,448
7.2. Expenses on collectively assessed impairment provisions	802
8. Income (loss) before taxes	2,563
9. Income tax	653
10. Current year profit (loss)	1,910

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	160,173
2. Letters of credit	11,269
3. Bills of exchange	0
4. Credit lines and commitments	18,257
5. Other standard risky off-balance sheet items	183
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	189,882

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

10.51

CROATIA BANKA d.d.

Kvaternikov trg 9, 10000 Zagreb
 Phone: +385 1/2391-120
 Fax: +385 1/2391-470
 BAN 2485003
 www.croatiabanka.hr

Management Board

Ivan Purgar – chairperson, Marko Gabela

Supervisory Board

Ivan Pažin – chairperson, Kamilo Vrana, Ivan Tomljenović, Branka Grabovac, Tatjana Knezović

Shareholders

	Share in share capital (%)
1. State Agency for Bank Rehabilitation and Deposit Insurance	100.00

Audit firm for 2009:
 BDO Revizija Zagreb d.o.o., Zagreb

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	208,761
1.1. Money assets	20,197
1.2. Deposits with the CNB	188,564
2. Deposits with banking institutions	219,522
3. MoF treasury bills and CNB bills	112,703
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	51,020
6. Securities and other financial instruments held to maturity	4,981
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	6
9. Loans to financial institutions	11,000
10. Loans to other clients	1,050,813
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	46,307
13. Tangible assets (net of depreciation)	28,916
14. Interest, fees and other assets	50,424
15. Net of: Collectively assessed impairment provisions	14,039
TOTAL ASSETS	1,770,415

Liabilities and capital	
1. Loans from financial institutions	309,164
1.1. Short-term loans	89,912
1.2. Long-term loans	219,252
2. Deposits	1,174,280
2.1. Giro account and current account deposits	156,792
2.2. Savings deposits	87,502
2.3. Time deposits	929,985
3. Other loans	40,303
3.1. Short-term loans	40,184
3.2. Long-term loans	119
4. Derivative financial liabilities and other financial liabilities held for trading	10
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	70,000
8. Interest, fees and other liabilities	79,226
TOTAL LIABILITIES	1,672,983
9. Capital	97,432
TOTAL LIABILITIES AND CAPITAL	1,770,415

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	48,857
1.1. Total interest income	108,822
1.2. Total interest expenses	59,965
2. Net income from fees and commissions	5,414
2.1. Total income from fees and commissions	12,478
2.2. Total expenses on fees and commissions	7,064
3. Net other non-interest income	10,353
3.1. Other non-interest income	15,493
3.2. Other non-interest expenses	5,141
4. Net non-interest income	15,766
5. General administrative expenses and depreciation	70,637
6. Net operating income before loss provisions	-6,014
7. Total expenses on loss provisions	47,485
7.1. Expenses on value adjustments and provisions for identified losses	48,708
7.2. Expenses on collectively assessed impairment provisions	-1,223
8. Income (loss) before taxes	-53,499
9. Income tax	0
10. Current year profit (loss)	-53,499

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	68,968
2. Letters of credit	1,736
3. Bills of exchange	0
4. Credit lines and commitments	49,626
5. Other standard risky off-balance sheet items	7,328
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	127,658

Derivative financial instruments	
1. Futures	0
2. Options	62,501
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	62,501

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

10.76

ERSTE & STEIERMÄRKISCHE BANK d.d.

Jadranski trg 3a, 51000 Rijeka
 Phone: +385 62/375-000
 Fax: +385 62/376-000
 BAN 2402006
 www.erstebank.hr

Shareholders

1. ESB Holding GMBH

**Share in share
 capital (%)**
 96.09

Audit firm for 2009:
 Ernst & Young d.o.o., Zagreb

Management Board

Petar Radaković – chairperson, Tomislav Vuić, Boris Centner, Slađana Jagar

Supervisory Board

Herbert Juranek – chairperson, Franz Kerber, Kristijan Schellander, Gerhard Maier, Peter Nemschak, Reinhard Ortner, Ernst Gideon Loudon

**Balance Sheet
 as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	6,190,099
1.1. Money assets	512,525
1.2. Deposits with the CNB	5,677,575
2. Deposits with banking institutions	4,882,468
3. MoF treasury bills and CNB bills	2,159,679
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,759,970
6. Securities and other financial instruments held to maturity	294,780
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	36,960
9. Loans to financial institutions	178,896
10. Loans to other clients	32,745,315
11. Investments in subsidiaries and associates	167,278
12. Foreclosed and repossessed assets	46,817
13. Tangible assets (net of depreciation)	400,154
14. Interest, fees and other assets	733,717
15. Net of: Collectively assessed impairment provisions	453,862
TOTAL ASSETS	49,142,273

Liabilities and capital	
1. Loans from financial institutions	1,698,420
1.1. Short-term loans	448,226
1.2. Long-term loans	1,250,195
2. Deposits	36,598,026
2.1. Giro account and current account deposits	3,507,866
2.2. Savings deposits	2,835,010
2.3. Time deposits	30,255,151
3. Other loans	3,517,179
3.1. Short-term loans	661,457
3.2. Long-term loans	2,855,722
4. Derivative financial liabilities and other financial liabilities held for trading	67,628
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,714,355
TOTAL LIABILITIES	43,595,608
9. Capital	5,546,665
TOTAL LIABILITIES AND CAPITAL	49,142,273

**Income Statement
 as at 31 December 2009, in thousand HRK**

1. Net interest income	630,412
1.1. Total interest income	2,768,608
1.2. Total interest expenses	2,138,197
2. Net income from fees and commissions	325,106
2.1. Total income from fees and commissions	448,823
2.2. Total expenses on fees and commissions	123,717
3. Net other non-interest income	819,986
3.1. Other non-interest income	865,432
3.2. Other non-interest expenses	45,445
4. Net non-interest income	1,145,092
5. General administrative expenses and depreciation	714,320
6. Net operating income before loss provisions	1,061,184
7. Total expenses on loss provisions	302,579
7.1. Expenses on value adjustments and provisions for identified losses	279,482
7.2. Expenses on collectively assessed impairment provisions	23,097
8. Income (loss) before taxes	758,605
9. Income tax	151,636
10. Current year profit (loss)	606,969

**Off-Balance Sheet Items
 as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	1,587,238
2. Letters of credit	106,944
3. Bills of exchange	1,022
4. Credit lines and commitments	1,647,990
5. Other standard risky off-balance sheet items	32,822
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	3,376,017

Derivative financial instruments	
1. Futures	0
2. Options	71,048
3. Swaps	2,273,615
4. Forwards	18,321,827
5. Other	241,579
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	20,908,069

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2009**

12.41

HRVATSKA POŠTANSKA BANKA d.d.

Jurišićeva 4, 10000 Zagreb
 Phone: +385 1/4804-574
 Fax: +385 1/4810-791
 BAN 2390001
 www.hpb.hr

Shareholders

1. Hrvatska pošta d.d.	40.62
2. Croatian Privatisation Fund	33.07
3. Croatian Pension Insurance Administration	25.04

Share in share capital (%)**Management Board**

Čedo Maletić – chairperson, Dubravka Kolarić

Audit firm for 2009:

BDO Revizija Zagreb d.o.o., Zagreb

Supervisory Board

Zdravko Marić – chairperson, Drago Jakovčević,
 Robert Jukić, Marijo Dragun, Grga Ivezić, Maja Vrtarić,
 Vedran Duvnjak

Balance Sheet as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	2,186,755
1.1. Money assets	401,953
1.2. Deposits with the CNB	1,784,803
2. Deposits with banking institutions	1,205,004
3. MoF treasury bills and CNB bills	924,322
4. Securities and other financial instruments held for trading	338,531
5. Securities and other financial instruments available for sale	289,813
6. Securities and other financial instruments held to maturity	520,824
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	2,117
9. Loans to financial institutions	87,054
10. Loans to other clients	7,745,863
11. Investments in subsidiaries and associates	95,541
12. Foreclosed and repossessed assets	112,309
13. Tangible assets (net of depreciation)	170,629
14. Interest, fees and other assets	415,813
15. Net of: Collectively assessed impairment provisions	108,952
TOTAL ASSETS	13,985,623

Liabilities and capital	
1. Loans from financial institutions	1,736,692
1.1. Short-term loans	365,681
1.2. Long-term loans	1,371,011
2. Deposits	9,723,984
2.1. Giro account and current account deposits	2,099,820
2.2. Savings deposits	1,230,311
2.3. Time deposits	6,393,852
3. Other loans	55,771
3.1. Short-term loans	0
3.2. Long-term loans	55,771
4. Derivative financial liabilities and other financial liabilities held for trading	1,550
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	450,705
8. Interest, fees and other liabilities	1,370,079
TOTAL LIABILITIES	13,338,780
9. Capital	646,843
TOTAL LIABILITIES AND CAPITAL	13,985,623

Income Statement as at 31 December 2009, in thousand HRK

1. Net interest income	336,847
1.1. Total interest income	941,725
1.2. Total interest expenses	604,878
2. Net income from fees and commissions	174,718
2.1. Total income from fees and commissions	593,294
2.2. Total expenses on fees and commissions	418,576
3. Net other non-interest income	-41,133
3.1. Other non-interest income	56,319
3.2. Other non-interest expenses	97,452
4. Net non-interest income	133,585
5. General administrative expenses and depreciation	442,344
6. Net operating income before loss provisions	28,088
7. Total expenses on loss provisions	476,903
7.1. Expenses on value adjustments and provisions for identified losses	488,334
7.2. Expenses on collectively assessed impairment provisions	-11,431
8. Income (loss) before taxes	-448,815
9. Income tax	0
10. Current year profit (loss)	-448,815

Off-Balance Sheet Items as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	424,371
2. Letters of credit	80,936
3. Bills of exchange	89,600
4. Credit lines and commitments	1,307,208
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	1,902,115

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	621,087
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	621,087

CAPITAL ADEQUACY RATIO, in % as at 31 December 2009

10.13

HYPO ALPE-ADRIA-BANK d.d.

Slavonska avenija 6, 10000 Zagreb
 Phone: +385 0800/497-647
 Fax: +385 1/6007-000
 BAN 2500009
 www.hypo-alpe-adria.hr

Shareholders

- Hypo Alpe-Adria-Bank International AG

Share in share capital (%)

100.00

Audit firm for 2009:
 Deloitte d.o.o., Zagreb

Management Board

Markus Ferstl – chairperson, Ivo Bilić, Brane Golubić,
 Tadija Vrdoljak

Supervisory Board

Gottwald Kranebitter – chairperson, Wolfgang Edelmüller, Alexander Slana, Sebastian Firlinger,
 Goran Radman

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	4,921,901
1.1. Money assets	312,381
1.2. Deposits with the CNB	4,609,519
2. Deposits with banking institutions	1,298,616
3. MoF treasury bills and CNB bills	877,527
4. Securities and other financial instruments held for trading	119,263
5. Securities and other financial instruments available for sale	3,114,632
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	382
9. Loans to financial institutions	473,426
10. Loans to other clients	27,221,297
11. Investments in subsidiaries and associates	37,859
12. Foreclosed and repossessed assets	99,592
13. Tangible assets (net of depreciation)	324,102
14. Interest, fees and other assets	593,102
15. Net of: Collectively assessed impairment provisions	316,792
TOTAL ASSETS	38,764,907

Liabilities and capital	
1. Loans from financial institutions	1,990,944
1.1. Short-term loans	490,920
1.2. Long-term loans	1,500,023
2. Deposits	24,414,820
2.1. Giro account and current account deposits	2,008,156
2.2. Savings deposits	1,244,845
2.3. Time deposits	21,161,819
3. Other loans	2,730,665
3.1. Short-term loans	2,708,017
3.2. Long-term loans	22,648
4. Derivative financial liabilities and other financial liabilities held for trading	89,695
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	2,218,340
8. Interest, fees and other liabilities	961,067
TOTAL LIABILITIES	32,405,531
9. Capital	6,359,376
TOTAL LIABILITIES AND CAPITAL	38,764,907

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	1,097,388
1.1. Total interest income	2,401,643
1.2. Total interest expenses	1,304,255
2. Net income from fees and commissions	324,211
2.1. Total income from fees and commissions	392,392
2.2. Total expenses on fees and commissions	68,181
3. Net other non-interest income	130,172
3.1. Other non-interest income	215,665
3.2. Other non-interest expenses	85,493
4. Net non-interest income	454,383
5. General administrative expenses and depreciation	673,899
6. Net operating income before loss provisions	877,873
7. Total expenses on loss provisions	676,986
7.1. Expenses on value adjustments and provisions for identified losses	684,083
7.2. Expenses on collectively assessed impairment provisions	-7,097
8. Income (loss) before taxes	200,887
9. Income tax	49,472
10. Current year profit (loss)	151,415

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	3,923,301
2. Letters of credit	60,463
3. Bills of exchange	0
4. Credit lines and commitments	1,384,272
5. Other standard risky off-balance sheet items	999,590
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	6,367,625

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	3,904,613
4. Forwards	5,450,671
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	9,355,284

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

20.21

IMEX BANKA d.d.

Tolstojeva 6, 21000 Split
 Phone: +385 21/406-100
 Fax: +385 21/345-588
 BAN 2492008
 www.imexbanka.hr

Shareholders

1. Branko Buljan
2. Ivka Mijić

Share in share capital (%)

77.98
 22.02

Audit firm for 2009:
 Maran d.o.o., Split

Management Board

Branko Buljan – chairperson, Ružica Šarić

Supervisory Board

Darko Medak – chairperson, Lucija Mijić,
 Duje Kuzmanić

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	280,601
1.1. Money assets	13,797
1.2. Deposits with the CNB	266,804
2. Deposits with banking institutions	158,260
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	1,924
5. Securities and other financial instruments available for sale	13,955
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	826,588
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	44,139
14. Interest, fees and other assets	19,216
15. Net of: Collectively assessed impairment provisions	10,564
TOTAL ASSETS	1,334,118

Liabilities and capital	
1. Loans from financial institutions	76,399
1.1. Short-term loans	10,000
1.2. Long-term loans	66,399
2. Deposits	1,081,922
2.1. Giro account and current account deposits	98,918
2.2. Savings deposits	23,020
2.3. Time deposits	959,984
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	41,000
7. Hybrid instruments issued	41,000
8. Interest, fees and other liabilities	33,968
TOTAL LIABILITIES	1,233,290
9. Capital	100,828
TOTAL LIABILITIES AND CAPITAL	1,334,118

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	46,519
1.1. Total interest income	103,443
1.2. Total interest expenses	56,925
2. Net income from fees and commissions	4,978
2.1. Total income from fees and commissions	7,613
2.2. Total expenses on fees and commissions	2,635
3. Net other non-interest income	-2,536
3.1. Other non-interest income	2,206
3.2. Other non-interest expenses	4,742
4. Net non-interest income	2,442
5. General administrative expenses and depreciation	31,859
6. Net operating income before loss provisions	17,102
7. Total expenses on loss provisions	12,092
7.1. Expenses on value adjustments and provisions for identified losses	10,372
7.2. Expenses on collectively assessed impairment provisions	1,721
8. Income (loss) before taxes	5,009
9. Income tax	1,159
10. Current year profit (loss)	3,851

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	63,234
2. Letters of credit	2,633
3. Bills of exchange	0
4. Credit lines and commitments	22,516
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	88,383

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

11.55

ISTARSKA KREDITNA BANKA UMAG d.d.

Miloševa 1, 52470 Umag
Phone: +385 52/702-359
Fax: +385 52/702-387
BAN 2380006
www.ikb.hr

Management Board

Miro Dodić – chairperson, Marina Vidić, Klaudija Paljuh

Supervisory Board

Milan Travan – chairperson, Edo Ivančić,
Marijan Kovačić, Vlado Kraljević, Vlatko Reschner

Shareholders

	Share in share capital (%)
1. Intercommerce d.o.o.	17.16
2. Tvornica cementa Umag d.o.o.	15.31
3. Serfin d.o.o.	9.84
4. Assicurazioni Generali S.p.A.	7.76
5. Marijan Kovačić	6.90
6. Branko Kovačić	3.64
7. Plava laguna d.d.	3.63
8. Nerio Perich	3.45
9. Milenko Opačić	3.40

Audit firm for 2009:
PricewaterhouseCoopers d.o.o., Zagreb

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	323,437
1.1. Money assets	31,549
1.2. Deposits with the CNB	291,888
2. Deposits with banking institutions	318,953
3. MoF treasury bills and CNB bills	80,369
4. Securities and other financial instruments held for trading	438
5. Securities and other financial instruments available for sale	2,805
6. Securities and other financial instruments held to maturity	46,210
7. Securities and other financial instruments not traded in active markets but carried at fair value	3,726
8. Derivative financial assets	0
9. Loans to financial institutions	59,000
10. Loans to other clients	1,361,746
11. Investments in subsidiaries and associates	20
12. Foreclosed and repossessed assets	4,269
13. Tangible assets (net of depreciation)	46,602
14. Interest, fees and other assets	18,384
15. Net of: Collectively assessed impairment provisions	18,115
TOTAL ASSETS	2,247,843

Liabilities and capital	
1. Loans from financial institutions	38,208
1.1. Short-term loans	11,000
1.2. Long-term loans	27,208
2. Deposits	1,921,968
2.1. Giro account and current account deposits	256,118
2.2. Savings deposits	329,217
2.3. Time deposits	1,336,633
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	8,728
8. Interest, fees and other liabilities	46,031
TOTAL LIABILITIES	2,014,935
9. Capital	232,908
TOTAL LIABILITIES AND CAPITAL	2,247,843

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	67,865
1.1. Total interest income	129,264
1.2. Total interest expenses	61,398
2. Net income from fees and commissions	18,267
2.1. Total income from fees and commissions	22,752
2.2. Total expenses on fees and commissions	4,485
3. Net other non-interest income	14,983
3.1. Other non-interest income	17,740
3.2. Other non-interest expenses	2,757
4. Net non-interest income	33,250
5. General administrative expenses and depreciation	59,794
6. Net operating income before loss provisions	41,321
7. Total expenses on loss provisions	14,656
7.1. Expenses on value adjustments and provisions for identified losses	14,917
7.2. Expenses on collectively assessed impairment provisions	-261
8. Income (loss) before taxes	26,665
9. Income tax	5,353
10. Current year profit (loss)	21,312

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	39,125
2. Letters of credit	9,713
3. Bills of exchange	0
4. Credit lines and commitments	64,323
5. Other standard risky off-balance sheet items	399
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	113,560

Derivative financial instruments	
1. Futures	0
2. Options	9,333
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	9,333

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

12.59

JADRANSKA BANKA d.d.

Starčevićeva 4, 22000 Šibenik
 Phone: +385 22/242-100
 Fax: +385 22/335-881
 BAN 2411006
 www.jadranska-banka.hr

Management Board

Ivo Šinko – chairperson, Marija Trlaja, Mirko Goreta

Supervisory Board

Miro Petric – chairperson, Duje Stančić, Stipe Kuvač,
 Mile Paić, Petar Škender

Shareholders

	Share in share capital (%)
1. Karlovačka banka d.d.	6.99
2. Josip Stojanović	6.55
3. Croatia osiguranje d.d.	6.48
4. Alfa d.d.	6.26
5. Ugo grupa	4.58
6. Tiskara Malenica d.o.o.	4.24
7. NCP Remontno brodogradilište Šibenik d.o.o.	4.18
8. Importanne d.o.o.	3.76
9. Vodovod i odvodnja d.o.o.	3.39
10. Rivijera d.d.	3.17

Audit firm for 2009:
 Šibenski Revicon d.o.o., Šibenik

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	307,888
1.1. Money assets	43,165
1.2. Deposits with the CNB	264,723
2. Deposits with banking institutions	233,522
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	11,379
6. Securities and other financial instruments held to maturity	401,863
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	20,000
10. Loans to other clients	1,150,424
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	114,987
13. Tangible assets (net of depreciation)	26,002
14. Interest, fees and other assets	32,791
15. Net of: Collectively assessed impairment provisions	17,050
TOTAL ASSETS	2,281,806

Liabilities and capital	
1. Loans from financial institutions	144,230
1.1. Short-term loans	76,500
1.2. Long-term loans	67,730
2. Deposits	1,689,275
2.1. Giro account and current account deposits	184,951
2.2. Savings deposits	322,882
2.3. Time deposits	1,181,443
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	3
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	15,607
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	36,397
TOTAL LIABILITIES	1,885,512
9. Capital	396,294
TOTAL LIABILITIES AND CAPITAL	2,281,806

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	69,752
1.1. Total interest income	140,056
1.2. Total interest expenses	70,304
2. Net income from fees and commissions	15,123
2.1. Total income from fees and commissions	20,377
2.2. Total expenses on fees and commissions	5,254
3. Net other non-interest income	6,107
3.1. Other non-interest income	16,119
3.2. Other non-interest expenses	10,012
4. Net non-interest income	21,230
5. General administrative expenses and depreciation	58,171
6. Net operating income before loss provisions	32,811
7. Total expenses on loss provisions	-893
7.1. Expenses on value adjustments and provisions for identified losses	181
7.2. Expenses on collectively assessed impairment provisions	-1,074
8. Income (loss) before taxes	33,704
9. Income tax	6,751
10. Current year profit (loss)	26,953

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	36,702
2. Letters of credit	1,299
3. Bills of exchange	0
4. Credit lines and commitments	155,768
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	193,768

Derivative financial instruments	
1. Futures	0
2. Options	21,713
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	21,713

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

17.65

KARLOVAČKA BANKA d.d.

I. G. Kovačića 1, 47000 Karlovac
 Phone: +385 47/417-501
 Fax: +385 47/614-206
 BAN 2400008
 www.kaba.hr

Management Board

Sandi Šola – chairperson, Siniša Žanetić, Marijana Trpčić-Reškovac

Supervisory Board

Danijel Žamboki – chairperson, Goran Vukšić,
 Ivica Horvat, Josip Paladino, Darko Tipurić

Shareholders

	Share in share capital (%)
1. Sandi Šola	19.54
2. Mate Šarić	9.63
3. Batheja Pramod	5.47
4. Marijan Šarić	4.94
5. PBZ Invest d.o.o.	4.05
6. Croatian Privatisation Fund	3.96
7. Dario Šimić	3.95
8. Goran Ivanišević	3.39
9. Ivan Jaime Guerrero Devlahovic	3.01

Audit firm for 2009:
 Revidicon d.o.o., Varaždin

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	212,076
1.1. Money assets	26,224
1.2. Deposits with the CNB	185,852
2. Deposits with banking institutions	169,238
3. MoF treasury bills and CNB bills	107,268
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,502
6. Securities and other financial instruments held to maturity	156,639
7. Securities and other financial instruments not traded in active markets but carried at fair value	45,108
8. Derivative financial assets	0
9. Loans to financial institutions	10,216
10. Loans to other clients	1,259,860
11. Investments in subsidiaries and associates	21,810
12. Foreclosed and repossessed assets	26,610
13. Tangible assets (net of depreciation)	67,272
14. Interest, fees and other assets	46,833
15. Net of: Collectively assessed impairment provisions	13,900
TOTAL ASSETS	2,110,533

Liabilities and capital	
1. Loans from financial institutions	220,545
1.1. Short-term loans	94,687
1.2. Long-term loans	125,857
2. Deposits	1,604,307
2.1. Giro account and current account deposits	266,274
2.2. Savings deposits	216,060
2.3. Time deposits	1,121,974
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	2
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	20,994
8. Interest, fees and other liabilities	70,703
TOTAL LIABILITIES	1,916,550
9. Capital	193,982
TOTAL LIABILITIES AND CAPITAL	2,110,533

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	57,202
1.1. Total interest income	132,453
1.2. Total interest expenses	75,251
2. Net income from fees and commissions	14,966
2.1. Total income from fees and commissions	28,049
2.2. Total expenses on fees and commissions	13,083
3. Net other non-interest income	37,196
3.1. Other non-interest income	46,691
3.2. Other non-interest expenses	9,495
4. Net non-interest income	52,162
5. General administrative expenses and depreciation	79,238
6. Net operating income before loss provisions	30,125
7. Total expenses on loss provisions	50,602
7.1. Expenses on value adjustments and provisions for identified losses	53,200
7.2. Expenses on collectively assessed impairment provisions	-2,597
8. Income (loss) before taxes	-20,477
9. Income tax	0
10. Current year profit (loss)	-20,477

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	231,634
2. Letters of credit	5,781
3. Bills of exchange	0
4. Credit lines and commitments	188,884
5. Other standard risky off-balance sheet items	2,952
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	429,251

Derivative financial instruments	
1. Futures	0
2. Options	11,121
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	11,121

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

11.17

KREDITNA BANKA ZAGREB d.d.

Ulica grada Vukovara 74, 10000 Zagreb
Phone: +385 1/6167-373
Fax: +385 1/6116-466
BAN 2481000
www.kbz.hr

Management Board

Nelsi Rončević – chairperson, Ivan Dropulić

Supervisory Board

Mirjana Krile – chairperson, Ankica Čeko,
Gordana Letica, Irena Severin, Nadira Eror

Shareholders

	Share in share capital (%)
1. Euroherc osiguranje d.d.	19.19
2. Agram životno osiguranje d.d.	17.33
3. Jadransko osiguranje d.d.	16.67
4. Euroleasing d.o.o.	11.79
5. Euro daus d.d.	9.18
6. Euroduhan d.d.	4.32
7. Euroagram nekretnine d.o.o.	4.13
8. Eurodom d.o.o.	3.09

Audit firm for 2009:
Nexia revizija d.o.o., Zagreb

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	203,038
1.1. Money assets	34,522
1.2. Deposits with the CNB	168,516
2. Deposits with banking institutions	185,771
3. MoF treasury bills and CNB bills	23,959
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	55,720
6. Securities and other financial instruments held to maturity	4,604
7. Securities and other financial instruments not traded in active markets but carried at fair value	2,580
8. Derivative financial assets	79
9. Loans to financial institutions	5,600
10. Loans to other clients	1,077,774
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	11,603
13. Tangible assets (net of depreciation)	33,601
14. Interest, fees and other assets	55,740
15. Net of: Collectively assessed impairment provisions	13,063
TOTAL ASSETS	1,647,005

Liabilities and capital	
1. Loans from financial institutions	156,983
1.1. Short-term loans	143,300
1.2. Long-term loans	13,683
2. Deposits	1,133,524
2.1. Giro account and current account deposits	174,464
2.2. Savings deposits	47,202
2.3. Time deposits	911,858
3. Other loans	36,531
3.1. Short-term loans	36,531
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	43,914
TOTAL LIABILITIES	1,370,951
9. Capital	276,054
TOTAL LIABILITIES AND CAPITAL	1,647,005

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	50,888
1.1. Total interest income	111,187
1.2. Total interest expenses	60,298
2. Net income from fees and commissions	12,324
2.1. Total income from fees and commissions	24,601
2.2. Total expenses on fees and commissions	12,277
3. Net other non-interest income	15,497
3.1. Other non-interest income	17,673
3.2. Other non-interest expenses	2,176
4. Net non-interest income	27,821
5. General administrative expenses and depreciation	58,194
6. Net operating income before loss provisions	20,515
7. Total expenses on loss provisions	4,853
7.1. Expenses on value adjustments and provisions for identified losses	3,791
7.2. Expenses on collectively assessed impairment provisions	1,062
8. Income (loss) before taxes	15,663
9. Income tax	3,476
10. Current year profit (loss)	12,187

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	86,511
2. Letters of credit	8,564
3. Bills of exchange	0
4. Credit lines and commitments	72,989
5. Other standard risky off-balance sheet items	10,940
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	179,004

Derivative financial instruments	
1. Futures	0
2. Options	22,725
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	22,725

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

16.13

MEĐIMURSKA BANKA d.d.

V. Morandinija 37, 40000 Čakovec
 Phone: +385 40/340-000
 Fax: +385 40/340-092
 BAN 2392007
 www.mb.hr

Shareholders

1. Privredna banka Zagreb d.d.

**Share in share
 capital (%)**
 100.00

Audit firm for 2009:
 Ernst & Young d.o.o., Zagreb

Management Board

Nenad Jeđud – chairperson, Ljiljana Horvat,
 Davor Vodanović

Supervisory Board

Ivan Kroló – chairperson, Siniša Špoljarec, Ivanka
 Petrović, Dajana Kobeščak, Đurđica Ognjenović

**Balance Sheet
 as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	491,021
1.1. Money assets	78,729
1.2. Deposits with the CNB	412,292
2. Deposits with banking institutions	314,585
3. MoF treasury bills and CNB bills	270,246
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	9,266
6. Securities and other financial instruments held to maturity	32,011
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	119,388
10. Loans to other clients	1,569,480
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	5,208
13. Tangible assets (net of depreciation)	37,323
14. Interest, fees and other assets	20,824
15. Net of: Collectively assessed impairment provisions	31,112
TOTAL ASSETS	2,838,241

Liabilities and capital	
1. Loans from financial institutions	107,297
1.1. Short-term loans	33,650
1.2. Long-term loans	73,647
2. Deposits	2,135,157
2.1. Giro account and current account deposits	343,900
2.2. Savings deposits	381,886
2.3. Time deposits	1,409,371
3. Other loans	153,430
3.1. Short-term loans	0
3.2. Long-term loans	153,430
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	71,330
TOTAL LIABILITIES	2,467,215
9. Capital	371,026
TOTAL LIABILITIES AND CAPITAL	2,838,241

**Income Statement
 as at 31 December 2009, in thousand HRK**

1. Net interest income	95,711
1.1. Total interest income	180,061
1.2. Total interest expenses	84,350
2. Net income from fees and commissions	31,679
2.1. Total income from fees and commissions	36,420
2.2. Total expenses on fees and commissions	4,741
3. Net other non-interest income	-304
3.1. Other non-interest income	8,603
3.2. Other non-interest expenses	8,906
4. Net non-interest income	31,375
5. General administrative expenses and depreciation	63,883
6. Net operating income before loss provisions	63,203
7. Total expenses on loss provisions	3,554
7.1. Expenses on value adjustments and provisions for identified losses	5,409
7.2. Expenses on collectively assessed impairment provisions	-1,855
8. Income (loss) before taxes	59,650
9. Income tax	12,338
10. Current year profit (loss)	47,312

**Off-Balance Sheet Items
 as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	62,519
2. Letters of credit	308
3. Bills of exchange	0
4. Credit lines and commitments	208,205
5. Other standard risky off-balance sheet items	750
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	271,783

Derivative financial instruments	
1. Futures	0
2. Options	9,788
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	9,788

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2009**

16.13

NAVA BANKA d.d.

Tratinska 27, 10000 Zagreb
 Phone: +385 1/3656-777
 Fax: +385 1/3656-700
 BAN 2495009
 www.navabanka.hr

Shareholders

	Share in share capital (%)
1. GIP Pionir d.d.	29.33
2. Kemika d.d.	15.46
3. Paron d.o.o.	12.51
4. Munis d.o.o.	9.07

Management Board

Stipan Pamuković – chairperson,
 Jakov Gelo – deputy management board member

Audit firm for 2009:
 BDO Revizija Zagreb d.o.o., Zagreb

Supervisory Board

Višnjica Mališa – chairperson, Ivan Gudelj,
 Daniel Hrnjak, Anđelko Ivančić

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	45,137
1.1. Money assets	5,787
1.2. Deposits with the CNB	39,350
2. Deposits with banking institutions	32,331
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	35,482
6. Securities and other financial instruments held to maturity	872
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	250
10. Loans to other clients	197,551
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	2,420
13. Tangible assets (net of depreciation)	6,039
14. Interest, fees and other assets	8,923
15. Net of: Collectively assessed impairment provisions	2,314
TOTAL ASSETS	326,691

Liabilities and capital	
1. Loans from financial institutions	10,899
1.1. Short-term loans	9,850
1.2. Long-term loans	1,049
2. Deposits	266,957
2.1. Giro account and current account deposits	32,723
2.2. Savings deposits	3,800
2.3. Time deposits	230,434
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	7,757
TOTAL LIABILITIES	285,613
9. Capital	41,079
TOTAL LIABILITIES AND CAPITAL	326,691

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	2,705
1.1. Total interest income	19,274
1.2. Total interest expenses	16,569
2. Net income from fees and commissions	668
2.1. Total income from fees and commissions	2,047
2.2. Total expenses on fees and commissions	1,379
3. Net other non-interest income	723
3.1. Other non-interest income	1,377
3.2. Other non-interest expenses	654
4. Net non-interest income	1,391
5. General administrative expenses and depreciation	9,923
6. Net operating income before loss provisions	-5,827
7. Total expenses on loss provisions	2,157
7.1. Expenses on value adjustments and provisions for identified losses	2,883
7.2. Expenses on collectively assessed impairment provisions	-727
8. Income (loss) before taxes	-7,984
9. Income tax	0
10. Current year profit (loss)	-7,984

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	30,262
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	0
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	30,262

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	2,088
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	2,088

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

12.39

OBRTNIČKA ŠTEDNA BANKA d.d.

Ilica 49/I, 10000 Zagreb
 Phone: +385 1/6401-800
 Fax: +385 1/6401-819
 BAN 6716000
 oba.hr

Shareholders

1. several shareholders

**Share in share
 capital (%)**
 none of the
 shares is
 higher than 3%

Management Board

Suzana Barada – chairperson, Davorin Rimac

Audit firm for 2009:

BDO Revizija Zagreb d.o.o., Zagreb

Supervisory Board

Zlatko Cahun – chairperson, Krešimir Rastija,
 Alen Stojanović

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	18,004
1.1. Money assets	1,399
1.2. Deposits with the CNB	16,605
2. Deposits with banking institutions	5,420
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	10,000
10. Loans to other clients	91,045
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	134
13. Tangible assets (net of depreciation)	2,907
14. Interest, fees and other assets	6,986
15. Net of: Collectively assessed impairment provisions	1,150
TOTAL ASSETS	133,346

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	120,513
2.1. Giro account and current account deposits	7,998
2.2. Savings deposits	18,244
2.3. Time deposits	94,271
3. Other loans	1,899
3.1. Short-term loans	0
3.2. Long-term loans	1,899
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,168
TOTAL LIABILITIES	123,579
9. Capital	9,767
TOTAL LIABILITIES AND CAPITAL	133,346

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	5,027
1.1. Total interest income	9,142
1.2. Total interest expenses	4,115
2. Net income from fees and commissions	1,814
2.1. Total income from fees and commissions	2,226
2.2. Total expenses on fees and commissions	412
3. Net other non-interest income	398
3.1. Other non-interest income	697
3.2. Other non-interest expenses	299
4. Net non-interest income	2,212
5. General administrative expenses and depreciation	10,882
6. Net operating income before loss provisions	-3,643
7. Total expenses on loss provisions	567
7.1. Expenses on value adjustments and provisions for identified losses	549
7.2. Expenses on collectively assessed impairment provisions	18
8. Income (loss) before taxes	-4,210
9. Income tax	0
10. Current year profit (loss)	-4,210

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	776
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	1,869
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	2,645

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

12.93

OTP BANKA HRVATSKA d.d.

Domovinskog rata 3, 23000 Zadar
 Phone: +385 62/201-602
 Fax: +385 23/201-859
 BAN 2407000
 www.otpbanka.hr

Shareholders

1. OTP Bank RT

**Share in share
 capital (%)**
 100.00

Audit firm for 2009:
 Deloitte d.o.o., Zagreb

Management Board

Damir Odak – chairperson, Zorislav Vidović,
 Balazs Pal Bekeffy

Supervisory Board

Antal Gyorgy Kovacs – chairperson, Gabor Czikora,
 Laszlo Kecskés, Gabor Kovacz, Csaba Farago,
 Anita Szorad, Zsolt Szabo

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	1,389,658
1.1. Money assets	133,563
1.2. Deposits with the CNB	1,256,095
2. Deposits with banking institutions	1,415,963
3. MoF treasury bills and CNB bills	186,508
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	685,116
6. Securities and other financial instruments held to maturity	30,629
7. Securities and other financial instruments not traded in active markets but carried at fair value	8,937
8. Derivative financial assets	26
9. Loans to financial institutions	16,150
10. Loans to other clients	8,452,011
11. Investments in subsidiaries and associates	80,703
12. Foreclosed and repossessed assets	178
13. Tangible assets (net of depreciation)	199,831
14. Interest, fees and other assets	265,427
15. Net of: Collectively assessed impairment provisions	101,273
TOTAL ASSETS	12,629,864

Liabilities and capital	
1. Loans from financial institutions	766,527
1.1. Short-term loans	0
1.2. Long-term loans	766,527
2. Deposits	9,167,798
2.1. Giro account and current account deposits	1,317,892
2.2. Savings deposits	1,064,228
2.3. Time deposits	6,785,678
3. Other loans	753,792
3.1. Short-term loans	0
3.2. Long-term loans	753,792
4. Derivative financial liabilities and other financial liabilities held for trading	59
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	37,356
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	307,124
TOTAL LIABILITIES	11,032,656
9. Capital	1,597,207
TOTAL LIABILITIES AND CAPITAL	12,629,864

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	339,565
1.1. Total interest income	742,072
1.2. Total interest expenses	402,507
2. Net income from fees and commissions	99,018
2.1. Total income from fees and commissions	136,657
2.2. Total expenses on fees and commissions	37,639
3. Net other non-interest income	30,867
3.1. Other non-interest income	56,674
3.2. Other non-interest expenses	25,807
4. Net non-interest income	129,885
5. General administrative expenses and depreciation	297,243
6. Net operating income before loss provisions	172,208
7. Total expenses on loss provisions	61,203
7.1. Expenses on value adjustments and provisions for identified losses	66,041
7.2. Expenses on collectively assessed impairment provisions	-4,837
8. Income (loss) before taxes	111,004
9. Income tax	22,358
10. Current year profit (loss)	88,647

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	170,453
2. Letters of credit	13,875
3. Bills of exchange	0
4. Credit lines and commitments	897,630
5. Other standard risky off-balance sheet items	834
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	1,082,792

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	145,123
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	145,123

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

13.37

PARTNER BANKA d.d.

Vončinina 2, 10000 Zagreb
 Phone: +385 1/4602-215
 Fax: +385 1/4602-289
 BAN 2408002
 www.partner-banka.hr

Shareholders

1. Metroholding d.d.

**Share in share
 capital (%)**
 99.99

Audit firm for 2009:
 Nexia revizija d.o.o. Zagreb

Management Board

Martina Dalić – chairperson, Ante Žigman

Supervisory Board

Borislav Škegro – chairperson, Ivan Ćurković,
 Božo Ćulo

**Balance Sheet
 as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	161,348
1.1. Money assets	9,700
1.2. Deposits with the CNB	151,648
2. Deposits with banking institutions	101,870
3. MoF treasury bills and CNB bills	60,125
4. Securities and other financial instruments held for trading	275
5. Securities and other financial instruments available for sale	46,102
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	4
9. Loans to financial institutions	152
10. Loans to other clients	828,940
11. Investments in subsidiaries and associates	197
12. Foreclosed and repossessed assets	9,782
13. Tangible assets (net of depreciation)	32,799
14. Interest, fees and other assets	25,347
15. Net of: Collectively assessed impairment provisions	9,789
TOTAL ASSETS	1,257,150

Liabilities and capital	
1. Loans from financial institutions	262,837
1.1. Short-term loans	98,360
1.2. Long-term loans	164,478
2. Deposits	792,113
2.1. Giro account and current account deposits	107,074
2.2. Savings deposits	36,300
2.3. Time deposits	648,739
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	2
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	30,910
TOTAL LIABILITIES	1,085,863
9. Capital	171,288
TOTAL LIABILITIES AND CAPITAL	1,257,150

**Income Statement
 as at 31 December 2009, in thousand HRK**

1. Net interest income	49,349
1.1. Total interest income	97,378
1.2. Total interest expenses	48,029
2. Net income from fees and commissions	7,555
2.1. Total income from fees and commissions	12,205
2.2. Total expenses on fees and commissions	4,650
3. Net other non-interest income	4,973
3.1. Other non-interest income	8,818
3.2. Other non-interest expenses	3,845
4. Net non-interest income	12,527
5. General administrative expenses and depreciation	50,719
6. Net operating income before loss provisions	11,158
7. Total expenses on loss provisions	3,752
7.1. Expenses on value adjustments and provisions for identified losses	5,517
7.2. Expenses on collectively assessed impairment provisions	-1,765
8. Income (loss) before taxes	7,406
9. Income tax	1,365
10. Current year profit (loss)	6,041

**Off-Balance Sheet Items
 as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	67,270
2. Letters of credit	30,716
3. Bills of exchange	0
4. Credit lines and commitments	27,848
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	125,835

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	26,238
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	26,238

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2009**

14.09

PODRAVSKA BANKA d.d.

Opatička 3, 48300 Koprivnica
 Phone: +385 48/6550
 Fax: +385 48/622-542
 BAN 2386002
 www.poba.hr

Management Board

Julio Kuruc – chairperson, Davorka Jakir,
 Marijan Marušić

Supervisory Board

Miljan Todorović – chairperson, Sigilfredo Montinari,
 Dario Montinari, Jurica (Đuro) Predović,
 Dolly Predović, Maurizio Dallochio, Filippo Disertori

Shareholders

	Share in share capital (%)
1. Lorenzo Gorgoni	9.87
2. Antonia Gorgoni	9.77
3. Assicurazioni Generali S.p.a.	9.54
4. Cerere S.R.L.	9.53
5. Miljan Todorović	8.33
6. Andrea Montinari	5.76
7. Dario Montinari	5.76
8. Piero Montinari	5.76
9. Sigilfredo Montinari	5.76
10. Giovanni Semeraro	4.11
11. Luigi Liaci	3.94

Audit firm for 2009:
 Deloitte d.o.o., Zagreb

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	333,859
1.1. Money assets	34,813
1.2. Deposits with the CNB	299,045
2. Deposits with banking institutions	591,530
3. MoF treasury bills and CNB bills	89,894
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	119,987
6. Securities and other financial instruments held to maturity	60,495
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	147,112
10. Loans to other clients	1,301,098
11. Investments in subsidiaries and associates	1,530
12. Foreclosed and repossessed assets	7,275
13. Tangible assets (net of depreciation)	72,839
14. Interest, fees and other assets	62,304
15. Net of: Collectively assessed impairment provisions	21,680
TOTAL ASSETS	2,766,243

Liabilities and capital	
1. Loans from financial institutions	182,380
1.1. Short-term loans	110,500
1.2. Long-term loans	71,880
2. Deposits	2,121,254
2.1. Giro account and current account deposits	287,057
2.2. Savings deposits	226,514
2.3. Time deposits	1,607,683
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	98,235
TOTAL LIABILITIES	2,401,870
9. Capital	364,374
TOTAL LIABILITIES AND CAPITAL	2,766,243

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	88,805
1.1. Total interest income	178,302
1.2. Total interest expenses	89,497
2. Net income from fees and commissions	26,926
2.1. Total income from fees and commissions	40,698
2.2. Total expenses on fees and commissions	13,772
3. Net other non-interest income	13,526
3.1. Other non-interest income	19,540
3.2. Other non-interest expenses	6,014
4. Net non-interest income	40,452
5. General administrative expenses and depreciation	102,679
6. Net operating income before loss provisions	26,578
7. Total expenses on loss provisions	11,224
7.1. Expenses on value adjustments and provisions for identified losses	12,084
7.2. Expenses on collectively assessed impairment provisions	-860
8. Income (loss) before taxes	15,354
9. Income tax	3,229
10. Current year profit (loss)	12,124

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	37,668
2. Letters of credit	12,879
3. Bills of exchange	0
4. Credit lines and commitments	150,652
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	201,199

Derivative financial instruments	
1. Futures	0
2. Options	390
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	390

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

15.80

PRIMORSKA BANKA d.d.

Scarpina 7, 51000 Rijeka
 Phone: +385 51/355-777
 Fax: +385 51/332-762
 BAN 4132003
 www.primorska.hr

Management Board

Anto Pekić – chairperson, Zdenko Šošić

Supervisory Board

Jože Perić – chairperson, Gordana Pavletić,
 Franco Brunati

Shareholders

	Share in share capital (%)
1. Francesco Signorio	49.59
2. Svetlana Signorio	8.80
3. Carlo Di Dato	8.40
4. Domenico Petrella	5.72
5. IBS S.R.L.	5.19
6. Confisi S.A.	5.17
7. J.L.L. Marc Jourdan	4.46

Audit firm for 2009:
 HLB Revidicon d.o.o., Varaždin

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	17,797
1.1. Money assets	2,896
1.2. Deposits with the CNB	14,901
2. Deposits with banking institutions	35,782
3. MoF treasury bills and CNB bills	7,536
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	9,447
6. Securities and other financial instruments held to maturity	307
7. Securities and other financial instruments not traded in active markets but carried at fair value	1,923
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	76,019
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	805
14. Interest, fees and other assets	3,775
15. Net of: Collectively assessed impairment provisions	1,244
TOTAL ASSETS	152,148

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	102,188
2.1. Giro account and current account deposits	4,749
2.2. Savings deposits	8,571
2.3. Time deposits	88,867
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	13,500
8. Interest, fees and other liabilities	4,870
TOTAL LIABILITIES	120,558
9. Capital	31,590
TOTAL LIABILITIES AND CAPITAL	152,148

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	4,668
1.1. Total interest income	9,569
1.2. Total interest expenses	4,901
2. Net income from fees and commissions	246
2.1. Total income from fees and commissions	1,093
2.2. Total expenses on fees and commissions	847
3. Net other non-interest income	434
3.1. Other non-interest income	923
3.2. Other non-interest expenses	489
4. Net non-interest income	680
5. General administrative expenses and depreciation	9,476
6. Net operating income before loss provisions	-4,128
7. Total expenses on loss provisions	3,591
7.1. Expenses on value adjustments and provisions for identified losses	3,466
7.2. Expenses on collectively assessed impairment provisions	124
8. Income (loss) before taxes	-7,718
9. Income tax	0
10. Current year profit (loss)	-7,718

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	708
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	1,118
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	1,827

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

38.08

PRIVREDNA BANKA ZAGREB d.d.

F. Račkoga 6, 10000 Zagreb
 Phone: +385 1/636-0000
 Fax: +385 1/636-0063
 BAN 2340009
 www.pbz.hr

Shareholders

	Share in share capital (%)
1. Intesa Bci Holding International S.A.	76.59
2. European Bank for Reconstruction and Development (EBRD)	20.88

Management Board

Božo Prka – chairperson, Jonathan Charles Locke, Ivan Gerovac, Gabriele Pace, Mario Henjak, Draženko Kopljar, Dinko Lucić, Andrea Pavlović

Audit firm for 2009:

Ernst & Young d.o.o., Zagreb

Supervisory Board

György Surányi – chairperson, Anne Fossemale, Massimo Pierdicchi, Massimo Malagoli, Beata Kisné Földi, Branko Jeren, Giampiero Trevisan

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	7,429,907
1.1. Money assets	964,078
1.2. Deposits with the CNB	6,465,829
2. Deposits with banking institutions	9,105,555
3. MoF treasury bills and CNB bills	777,612
4. Securities and other financial instruments held for trading	29,171
5. Securities and other financial instruments available for sale	705,614
6. Securities and other financial instruments held to maturity	853,466
7. Securities and other financial instruments not traded in active markets but carried at fair value	453,215
8. Derivative financial assets	4,119
9. Loans to financial institutions	1,379,070
10. Loans to other clients	42,662,265
11. Investments in subsidiaries and associates	374,031
12. Foreclosed and repossessed assets	18,612
13. Tangible assets (net of depreciation)	794,035
14. Interest, fees and other assets	1,001,182
15. Net of: Collectively assessed impairment provisions	526,822
TOTAL ASSETS	65,061,033

Liabilities and capital	
1. Loans from financial institutions	2,882,823
1.1. Short-term loans	1,306,735
1.2. Long-term loans	1,576,088
2. Deposits	44,262,797
2.1. Giro account and current account deposits	6,057,562
2.2. Savings deposits	5,634,998
2.3. Time deposits	32,570,237
3. Other loans	5,933,537
3.1. Short-term loans	170,109
3.2. Long-term loans	5,763,427
4. Derivative financial liabilities and other financial liabilities held for trading	13,362
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	2,166,073
TOTAL LIABILITIES	55,258,592
9. Capital	9,802,441
TOTAL LIABILITIES AND CAPITAL	65,061,033

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	1,713,815
1.1. Total interest income	3,719,165
1.2. Total interest expenses	2,005,350
2. Net income from fees and commissions	386,925
2.1. Total income from fees and commissions	609,608
2.2. Total expenses on fees and commissions	222,683
3. Net other non-interest income	537,294
3.1. Other non-interest income	623,499
3.2. Other non-interest expenses	86,206
4. Net non-interest income	924,218
5. General administrative expenses and depreciation	1,164,796
6. Net operating income before loss provisions	1,473,238
7. Total expenses on loss provisions	373,322
7.1. Expenses on value adjustments and provisions for identified losses	422,865
7.2. Expenses on collectively assessed impairment provisions	-49,543
8. Income (loss) before taxes	1,099,916
9. Income tax	173,336
10. Current year profit (loss)	926,580

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	2,715,017
2. Letters of credit	282,190
3. Bills of exchange	0
4. Credit lines and commitments	9,106,921
5. Other standard risky off-balance sheet items	20,263
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	12,124,392

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	7,866,156
4. Forwards	276,574
5. Other	403,654
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	8,546,385

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

17.36

RAIFFEISENBANK AUSTRIA d.d.

Petrinjska 59, 10000 Zagreb
 Phone: +385 1/4566-466
 Fax: +385 1/4811-624
 BAN 2484008
 www.rba.hr

Shareholders

	Share in share capital (%)
1. Raiffeisen International Bank-Holding AG	73.43
2. Raiffeisenbank-Zagreb Beteiligungs GmbH	24.48

Management Board

Zdenko Adrović – chairperson, Vlasta Žubrinić-Pick, Jasna Širola, Zoran Koščak, Vesna Ciganek Vuković, Mario Žižek

Audit firm for 2009:
 Deloitte d.o.o., Zagreb

Supervisory Board

Herbert Stepic – chairperson, Heinz Hoedl, Franz Rogi, Peter Lennkh, Martin Gruell, Lovorka Penavić, Johannes Kellner

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	3,904,649
1.1. Money assets	443,508
1.2. Deposits with the CNB	3,461,141
2. Deposits with banking institutions	1,223,809
3. MoF treasury bills and CNB bills	1,313,342
4. Securities and other financial instruments held for trading	4,626,910
5. Securities and other financial instruments available for sale	10,028
6. Securities and other financial instruments held to maturity	787,921
7. Securities and other financial instruments not traded in active markets but carried at fair value	1,054,963
8. Derivative financial assets	121,100
9. Loans to financial institutions	895,268
10. Loans to other clients	24,337,312
11. Investments in subsidiaries and associates	210,745
12. Foreclosed and repossessed assets	983
13. Tangible assets (net of depreciation)	397,879
14. Interest, fees and other assets	893,580
15. Net of: Collectively assessed impairment provisions	277,258
TOTAL ASSETS	39,501,232

Liabilities and capital	
1. Loans from financial institutions	5,401,330
1.1. Short-term loans	4,511,326
1.2. Long-term loans	890,003
2. Deposits	22,002,613
2.1. Giro account and current account deposits	4,202,405
2.2. Savings deposits	2,737,105
2.3. Time deposits	15,063,104
3. Other loans	5,458,003
3.1. Short-term loans	994,059
3.2. Long-term loans	4,463,944
4. Derivative financial liabilities and other financial liabilities held for trading	166,948
5. Debt securities issued	119,283
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	119,283
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	910,597
TOTAL LIABILITIES	34,058,774
9. Capital	5,442,458
TOTAL LIABILITIES AND CAPITAL	39,501,232

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	1,099,332
1.1. Total interest income	2,595,276
1.2. Total interest expenses	1,495,944
2. Net income from fees and commissions	336,344
2.1. Total income from fees and commissions	446,062
2.2. Total expenses on fees and commissions	109,717
3. Net other non-interest income	369,907
3.1. Other non-interest income	435,735
3.2. Other non-interest expenses	65,827
4. Net non-interest income	706,252
5. General administrative expenses and depreciation	844,069
6. Net operating income before loss provisions	961,515
7. Total expenses on loss provisions	463,417
7.1. Expenses on value adjustments and provisions for identified losses	473,259
7.2. Expenses on collectively assessed impairment provisions	-9,842
8. Income (loss) before taxes	498,098
9. Income tax	90,202
10. Current year profit (loss)	407,896

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	3,490,111
2. Letters of credit	118,512
3. Bills of exchange	0
4. Credit lines and commitments	2,217,237
5. Other standard risky off-balance sheet items	1,614,071
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	7,439,931

Derivative financial instruments	
1. Futures	4,579,587
2. Options	0
3. Swaps	13,317,059
4. Forwards	19,837,758
5. Other	52,160
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	37,786,564

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

15.01

SAMOBORSKA BANKA d.d.

Tomislavov trg 8, 10430 Samobor
 Phone: +385 1/3362-530
 Fax: +385 1/3361-523
 BAN 2403009
 www.sabank.hr

Shareholders

1. Aquae Vivae d.d.
2. Samoborka d.d.
3. Tigra d.o.o.

Share in share capital (%)

82.33
 5.15
 3.13

Management Board

Marijan Kantolić – chairperson, Verica Ljubičić

Audit firm for 2009:

Revizija servis d.o.o., Zabok

Supervisory Board

Dragutin Plahutar – chairperson, Želimir Kodrić,
 Milan Penava, Nevenka Plahutar, Martin Jazbec

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	46,701
1.1. Money assets	9,778
1.2. Deposits with the CNB	36,923
2. Deposits with banking institutions	120,549
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	258
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	205
9. Loans to financial institutions	0
10. Loans to other clients	162,819
11. Investments in subsidiaries and associates	43
12. Foreclosed and repossessed assets	3,115
13. Tangible assets (net of depreciation)	31,395
14. Interest, fees and other assets	3,062
15. Net of: Collectively assessed impairment provisions	2,794
TOTAL ASSETS	365,353

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	271,910
2.1. Giro account and current account deposits	61,495
2.2. Savings deposits	59,481
2.3. Time deposits	150,934
3. Other loans	41
3.1. Short-term loans	41
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	8,530
TOTAL LIABILITIES	280,481
9. Capital	84,871
TOTAL LIABILITIES AND CAPITAL	365,353

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	11,897
1.1. Total interest income	20,247
1.2. Total interest expenses	8,350
2. Net income from fees and commissions	1,121
2.1. Total income from fees and commissions	3,450
2.2. Total expenses on fees and commissions	2,329
3. Net other non-interest income	1,625
3.1. Other non-interest income	2,486
3.2. Other non-interest expenses	861
4. Net non-interest income	2,747
5. General administrative expenses and depreciation	12,037
6. Net operating income before loss provisions	2,607
7. Total expenses on loss provisions	-612
7.1. Expenses on value adjustments and provisions for identified losses	-958
7.2. Expenses on collectively assessed impairment provisions	345
8. Income (loss) before taxes	3,219
9. Income tax	656
10. Current year profit (loss)	2,563

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	11,021
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	24,232
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	35,252

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	35,334
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	35,334

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

32.06

SLATINSKA BANKA d.d.

Nazorova 2, 33520 Slatina
 Phone: +385 33/840-400
 Fax: +385 33/551-566
 BAN 2412009
 www.slatinska-banka.hr

Management Board

Angelina Horvat – chairperson, Elvis Mališ

Supervisory Board

Mirko Lukač – chairperson, Blaženka Eror Matić,
 Vinko Radić, Denis Smolar

Shareholders

	Share in share capital (%)
1. State Agency for Bank Rehabilitation and Deposit Insurance	8.32
2. Dragutin Sokačić	7.89
3. Velebit osiguranje d.d.	4.75
4. Adris grupa d.d.	4.38
5. Ingra d.d.	4.08
6. Vaba d.d. banka	3.81
7. HPB d.d. (custody account)	3.78
8. Hypo Alpe-Adria-Bank d.d. (custody account)	3.31
9. Milivoj Mrkoci	3.26
10. Finesa Capital d.d.	3.16
11. Josip Galić	3.12
12. Croatia Lloyd d.d.	3.02

Audit firm for 2009:
 BDO Revizija Zagreb d.o.o., Zagreb

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	123,571
1.1. Money assets	19,356
1.2. Deposits with the CNB	104,216
2. Deposits with banking institutions	129,619
3. MoF treasury bills and CNB bills	83,821
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	6,116
6. Securities and other financial instruments held to maturity	36,596
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	52,500
10. Loans to other clients	607,658
11. Investments in subsidiaries and associates	5,991
12. Foreclosed and repossessed assets	3,277
13. Tangible assets (net of depreciation)	28,289
14. Interest, fees and other assets	16,238
15. Net of: Collectively assessed impairment provisions	8,682
TOTAL ASSETS	1,084,994

Liabilities and capital	
1. Loans from financial institutions	31,735
1.1. Short-term loans	0
1.2. Long-term loans	31,735
2. Deposits	828,487
2.1. Giro account and current account deposits	100,862
2.2. Savings deposits	70,635
2.3. Time deposits	656,990
3. Other loans	16,670
3.1. Short-term loans	0
3.2. Long-term loans	16,670
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	43,492
TOTAL LIABILITIES	920,383
9. Capital	164,611
TOTAL LIABILITIES AND CAPITAL	1,084,994

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	36,038
1.1. Total interest income	76,477
1.2. Total interest expenses	40,439
2. Net income from fees and commissions	7,497
2.1. Total income from fees and commissions	10,559
2.2. Total expenses on fees and commissions	3,061
3. Net other non-interest income	1,985
3.1. Other non-interest income	3,528
3.2. Other non-interest expenses	1,543
4. Net non-interest income	9,482
5. General administrative expenses and depreciation	34,426
6. Net operating income before loss provisions	11,094
7. Total expenses on loss provisions	3,427
7.1. Expenses on value adjustments and provisions for identified losses	3,581
7.2. Expenses on collectively assessed impairment provisions	-154
8. Income (loss) before taxes	7,667
9. Income tax	1,914
10. Current year profit (loss)	5,753

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	6,641
2. Letters of credit	541
3. Bills of exchange	0
4. Credit lines and commitments	26,816
5. Other standard risky off-balance sheet items	376
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	34,375

Derivative financial instruments	
1. Futures	0
2. Options	8,714
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	8,714

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

16.26

SOCIÉTÉ GÉNÉRALE – SPLITSKA BANKA d.d.

Boškovićeve 16, 21000 Split
Phone: +385 21/304-304
Fax: +385 21/304-304
BAN 2330003
www.splitskabanka.hr

Shareholders

1. Soci t  G n rale

**Share in share
capital (%)**
100.00

Audit firm for 2009:
Ernst & Young d.o.o., Zagreb

Management Board

Pierre Boursot – chairperson, Henri Bellenger,
Frederique Guin, Gordan Miler

Supervisory Board

Jean-Didier Reigner – chairperson,
Patrick Pierre Gelin, Patrick Renouvin

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	4,304,826
1.1. Money assets	301,597
1.2. Deposits with the CNB	4,003,229
2. Deposits with banking institutions	2,087,599
3. MoF treasury bills and CNB bills	685,112
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,855,028
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	3,225
9. Loans to financial institutions	420,058
10. Loans to other clients	17,792,222
11. Investments in subsidiaries and associates	60,107
12. Foreclosed and repossessed assets	1,620
13. Tangible assets (net of depreciation)	242,436
14. Interest, fees and other assets	479,555
15. Net of: Collectively assessed impairment provisions	229,586
TOTAL ASSETS	27,702,201

Liabilities and capital	
1. Loans from financial institutions	1,163,690
1.1. Short-term loans	135,686
1.2. Long-term loans	1,028,004
2. Deposits	13,631,553
2.1. Giro account and current account deposits	2,588,660
2.2. Savings deposits	1,758,685
2.3. Time deposits	9,284,208
3. Other loans	8,497,061
3.1. Short-term loans	1,460,404
3.2. Long-term loans	7,036,658
4. Derivative financial liabilities and other financial liabilities held for trading	1,738
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	343,659
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	883,671
TOTAL LIABILITIES	24,521,373
9. Capital	3,180,828
TOTAL LIABILITIES AND CAPITAL	27,702,201

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	789,114
1.1. Total interest income	1,498,673
1.2. Total interest expenses	709,559
2. Net income from fees and commissions	212,464
2.1. Total income from fees and commissions	270,023
2.2. Total expenses on fees and commissions	57,559
3. Net other non-interest income	184,012
3.1. Other non-interest income	206,674
3.2. Other non-interest expenses	22,662
4. Net non-interest income	396,476
5. General administrative expenses and depreciation	629,923
6. Net operating income before loss provisions	555,666
7. Total expenses on loss provisions	155,361
7.1. Expenses on value adjustments and provisions for identified losses	163,711
7.2. Expenses on collectively assessed impairment provisions	-8,350
8. Income (loss) before taxes	400,306
9. Income tax	87,830
10. Current year profit (loss)	312,475

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	1,771,868
2. Letters of credit	50,422
3. Bills of exchange	0
4. Credit lines and commitments	3,975,691
5. Other standard risky off-balance sheet items	9,321
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	5,807,302

Derivative financial instruments	
1. Futures	0
2. Options	54,749
3. Swaps	1,266,219
4. Forwards	40,228
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	1,361,196

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

12.31

ŠTEDBANKA d.d.

Slavonska avenija 3, 10000 Zagreb
 Phone: +385 1/6306-620
 Fax: +385 1/6187-015
 BAN 2483005
 www.stedbanka.hr

Management Board

Ante Babić – chairperson, Krešimir Starčević,
 Christian Panjol-Tuflija

Supervisory Board

Ivo Andrijačić – chairperson, Đuro Benček,
 Petar Ćurković

Shareholders

	Share in share capital (%)
1. Šted-Nova d.d.	80.74
2. Željko Udovičić	9.87
3. Paveko 2000 d.o.o.	6.35
4. Redip d.o.o.	3.04

Audit firm for 2009:
 BDO Revizija Zagreb d.o.o., Zagreb

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	104,159
1.1. Money assets	2,842
1.2. Deposits with the CNB	101,317
2. Deposits with banking institutions	122,295
3. MoF treasury bills and CNB bills	5,968
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	81,503
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	1,211
9. Loans to financial institutions	12,913
10. Loans to other clients	773,415
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	16,337
13. Tangible assets (net of depreciation)	20,020
14. Interest, fees and other assets	9,566
15. Net of: Collectively assessed impairment provisions	9,298
TOTAL ASSETS	1,138,089

Liabilities and capital	
1. Loans from financial institutions	52,724
1.1. Short-term loans	31,500
1.2. Long-term loans	21,224
2. Deposits	738,972
2.1. Giro account and current account deposits	48,211
2.2. Savings deposits	63,785
2.3. Time deposits	626,976
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	18
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	29,686
TOTAL LIABILITIES	821,401
9. Capital	316,689
TOTAL LIABILITIES AND CAPITAL	1,138,089

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	40,753
1.1. Total interest income	76,965
1.2. Total interest expenses	36,212
2. Net income from fees and commissions	8,484
2.1. Total income from fees and commissions	10,439
2.2. Total expenses on fees and commissions	1,955
3. Net other non-interest income	13,154
3.1. Other non-interest income	14,817
3.2. Other non-interest expenses	1,663
4. Net non-interest income	21,639
5. General administrative expenses and depreciation	18,704
6. Net operating income before loss provisions	43,688
7. Total expenses on loss provisions	9,330
7.1. Expenses on value adjustments and provisions for identified losses	8,568
7.2. Expenses on collectively assessed impairment provisions	761
8. Income (loss) before taxes	34,358
9. Income tax	10,842
10. Current year profit (loss)	23,516

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	116,007
2. Letters of credit	15,863
3. Bills of exchange	0
4. Credit lines and commitments	6,186
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	138,057

Derivative financial instruments	
1. Futures	0
2. Options	334,555
3. Swaps	0
4. Forwards	52,616
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	387,171

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

21.43

VABA d.d. banka Varaždin

Aleja kralja Zvonimira 1, 42000 Varaždin
 Phone: +385 42/659-400
 Fax: +385 42/659-401
 BAN 2489004
 www.vaba.hr

Management Board

Igor Čičak – chairperson, Natalija Jambrečić

Supervisory Board

Vladimir Košćec – chairperson, Marina Bača,
 Balz Thomas Merkli, Anisur Rehman Khan

Shareholders

	Share in share capital (%)
1. Validus d.d.	29.09
2. Balkan Financial Sector	16.54
3. Pluris d.d.	10.41
4. Gara Secundus d.o.o.	4.31
5. Inter Finance d.o.o.	3.53
6. Jozo Kalem	3.53
7. Josip Samaržija	3.53

Audit firm for 2009:
 KPMG Croatia d.o.o., Zagreb

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	122,567
1.1. Money assets	16,810
1.2. Deposits with the CNB	105,756
2. Deposits with banking institutions	22,978
3. MoF treasury bills and CNB bills	75,946
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	112,152
6. Securities and other financial instruments held to maturity	3,742
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	9
9. Loans to financial institutions	0
10. Loans to other clients	819,318
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	2,485
13. Tangible assets (net of depreciation)	28,235
14. Interest, fees and other assets	33,383
15. Net of: Collectively assessed impairment provisions	9,189
TOTAL ASSETS	1,211,625

Liabilities and capital	
1. Loans from financial institutions	69,007
1.1. Short-term loans	64,390
1.2. Long-term loans	4,617
2. Deposits	950,140
2.1. Giro account and current account deposits	61,005
2.2. Savings deposits	14,925
2.3. Time deposits	874,210
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	2,922
8. Interest, fees and other liabilities	35,125
TOTAL LIABILITIES	1,057,194
9. Capital	154,431
TOTAL LIABILITIES AND CAPITAL	1,211,625

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	40,184
1.1. Total interest income	101,710
1.2. Total interest expenses	61,526
2. Net income from fees and commissions	5,017
2.1. Total income from fees and commissions	7,265
2.2. Total expenses on fees and commissions	2,248
3. Net other non-interest income	9,509
3.1. Other non-interest income	14,100
3.2. Other non-interest expenses	4,591
4. Net non-interest income	14,526
5. General administrative expenses and depreciation	47,323
6. Net operating income before loss provisions	7,387
7. Total expenses on loss provisions	2,281
7.1. Expenses on value adjustments and provisions for identified losses	4,804
7.2. Expenses on collectively assessed impairment provisions	-2,523
8. Income (loss) before taxes	5,105
9. Income tax	0
10. Current year profit (loss)	5,105

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	27,774
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	39,649
5. Other standard risky off-balance sheet items	1,986
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	69,408

Derivative financial instruments	
1. Futures	0
2. Options	2,600
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	2,600

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

12.48

VENETO BANKA d.d.

Draškovićeve 58, 10000 Zagreb
 Phone: +385 1/4802-666
 Fax: +385 1/4802-571
 BAN 2381009
 www.venetobanka.hr

Shareholders

1. Veneto Banca Holding S.C.P.A.

Share in share capital (%)

100.00

Audit firm for 2009:

PricewaterhouseCoopers d.o.o., Zagreb

Management Board

Fernando Zavatarelli, Atos Varusio²

Supervisory Board

Gian-Quinto Perissinotto – chairperson,
 Pierluigi Ronzani, Innocente Nardi,
 Gaetano Caberlotto

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	104,761
1.1. Money assets	14,777
1.2. Deposits with the CNB	89,984
2. Deposits with banking institutions	168,356
3. MoF treasury bills and CNB bills	144,003
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	29,157
6. Securities and other financial instruments held to maturity	2,025
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	6,000
10. Loans to other clients	424,731
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	1,741
13. Tangible assets (net of depreciation)	37,156
14. Interest, fees and other assets	31,269
15. Net of: Collectively assessed impairment provisions	7,633
TOTAL ASSETS	941,567

Liabilities and capital	
1. Loans from financial institutions	30,242
1.1. Short-term loans	500
1.2. Long-term loans	29,742
2. Deposits	643,384
2.1. Giro account and current account deposits	47,833
2.2. Savings deposits	32,439
2.3. Time deposits	563,112
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	21,810
TOTAL LIABILITIES	695,436
9. Capital	246,131
TOTAL LIABILITIES AND CAPITAL	941,567

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	16,743
1.1. Total interest income	45,678
1.2. Total interest expenses	28,935
2. Net income from fees and commissions	3,734
2.1. Total income from fees and commissions	5,012
2.2. Total expenses on fees and commissions	1,278
3. Net other non-interest income	5,753
3.1. Other non-interest income	6,805
3.2. Other non-interest expenses	1,052
4. Net non-interest income	9,487
5. General administrative expenses and depreciation	47,574
6. Net operating income before loss provisions	-21,343
7. Total expenses on loss provisions	12,919
7.1. Expenses on value adjustments and provisions for identified losses	12,827
7.2. Expenses on collectively assessed impairment provisions	91
8. Income (loss) before taxes	-34,262
9. Income tax	0
10. Current year profit (loss)	-34,262

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	79,207
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	33,226
5. Other standard risky off-balance sheet items	251
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	112,684

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

32.92

² Mr Atos Varusio, a supervisory board member, has been temporarily appointed a deputy member of the management board, i.e. until the appointment of a new chairperson of the management board.

VOLKSBANK d.d.

Varšavska 9, 10000 Zagreb
 Phone: +385 1/4801-300
 Fax: +385 1/4801-365
 BAN 2503007
 www.volksbank.hr

Shareholders

1. VB International AG

**Share in share
 capital (%)**
 99.18

Audit firm for 2009:
 Ernst & Young d.o.o., Zagreb

Management Board

Tomasz Jerzy Taraba – chairperson, Andrea Kovacs,
 Dieter Hornbacher, Dubravka Lukić

Supervisory Board

Michael Ivanovsky – chairperson, Gerhard Woerber,
 Joerg Poglits, Fausto Maritan, David Krepelka,
 Petar Szenkurok, Dragutin Bohuš

**Balance Sheet
 as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	967,210
1.1. Money assets	51,763
1.2. Deposits with the CNB	915,447
2. Deposits with banking institutions	666,701
3. MoF treasury bills and CNB bills	102,352
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	440,940
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	448
9. Loans to financial institutions	253,071
10. Loans to other clients	5,119,564
11. Investments in subsidiaries and associates	1,950
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	13,254
14. Interest, fees and other assets	160,672
15. Net of: Collectively assessed impairment provisions	62,162
TOTAL ASSETS	7,664,000

Liabilities and capital	
1. Loans from financial institutions	190,380
1.1. Short-term loans	145,300
1.2. Long-term loans	45,080
2. Deposits	5,360,762
2.1. Giro account and current account deposits	428,253
2.2. Savings deposits	261,655
2.3. Time deposits	4,670,855
3. Other loans	66,637
3.1. Short-term loans	0
3.2. Long-term loans	66,637
4. Derivative financial liabilities and other financial liabilities held for trading	4,213
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	69,664
8. Interest, fees and other liabilities	223,029
TOTAL LIABILITIES	5,914,685
9. Capital	1,749,315
TOTAL LIABILITIES AND CAPITAL	7,664,000

**Income Statement
 as at 31 December 2009, in thousand HRK**

1. Net interest income	233,286
1.1. Total interest income	474,332
1.2. Total interest expenses	241,046
2. Net income from fees and commissions	30,779
2.1. Total income from fees and commissions	41,804
2.2. Total expenses on fees and commissions	11,024
3. Net other non-interest income	28,955
3.1. Other non-interest income	42,941
3.2. Other non-interest expenses	13,986
4. Net non-interest income	59,734
5. General administrative expenses and depreciation	152,651
6. Net operating income before loss provisions	140,369
7. Total expenses on loss provisions	83,417
7.1. Expenses on value adjustments and provisions for identified losses	85,614
7.2. Expenses on collectively assessed impairment provisions	-2,197
8. Income (loss) before taxes	56,951
9. Income tax	12,539
10. Current year profit (loss)	44,412

**Off-Balance Sheet Items
 as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	88,975
2. Letters of credit	8,807
3. Bills of exchange	0
4. Credit lines and commitments	298,413
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	396,196

Derivative financial instruments	
1. Futures	0
2. Options	108,810
3. Swaps	3,493,877
4. Forwards	129,979
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	3,732,666

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2009**

24.62

ZAGREBAČKA BANKA d.d.

Paromlinska 2, 10000 Zagreb
 Phone: +385 1/6305-250
 Fax: +385 1/6110-533
 BAN 2360000
 www.zaba.hr

Shareholders

1. Bank Austria AG
2. Allianz SE

Share in share capital (%)

84.21
 11.72

Audit firm for 2009:
 KPMG Croatia d.o.o., Zagreb

Management Board

Franjo Luković – chairperson, Milivoj Goldštajn,
 Sanja Rendulić, Miljenko Živaljić, Marko Remenar,
 Daniela Roguljić Novak, Mario Agostini

Supervisory Board

Erich Hampel – chairperson, Jakša Barbić,
 Franco Andreetta, Robert Zadrazil, Carlo Marini,
 Carlo Vivaldi, Stephan Winkeimeier, Fabrizio Onida,
 Torsten Leue, Graziano Cameli, Manuel Bauer

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	12,373,327
1.1. Money assets	1,809,947
1.2. Deposits with the CNB	10,563,380
2. Deposits with banking institutions	7,189,934
3. MoF treasury bills and CNB bills	1,019,623
4. Securities and other financial instruments held for trading	402,256
5. Securities and other financial instruments available for sale	4,522,227
6. Securities and other financial instruments held to maturity	578,624
7. Securities and other financial instruments not traded in active markets but carried at fair value	74,460
8. Derivative financial assets	42,524
9. Loans to financial institutions	1,856,052
10. Loans to other clients	61,676,904
11. Investments in subsidiaries and associates	917,890
12. Foreclosed and repossessed assets	28,579
13. Tangible assets (net of depreciation)	1,126,094
14. Interest, fees and other assets	1,751,531
15. Net of: Collectively assessed impairment provisions	745,943
TOTAL ASSETS	92,814,083

Liabilities and capital	
1. Loans from financial institutions	2,666,848
1.1. Short-term loans	1,740,079
1.2. Long-term loans	926,768
2. Deposits	68,916,075
2.1. Giro account and current account deposits	9,590,614
2.2. Savings deposits	5,562,885
2.3. Time deposits	53,762,576
3. Other loans	4,454,201
3.1. Short-term loans	6,707
3.2. Long-term loans	4,447,494
4. Derivative financial liabilities and other financial liabilities held for trading	73,722
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	2,572,788
TOTAL LIABILITIES	78,683,634
9. Capital	14,130,449
TOTAL LIABILITIES AND CAPITAL	92,814,083

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	2,332,857
1.1. Total interest income	5,606,318
1.2. Total interest expenses	3,273,461
2. Net income from fees and commissions	870,499
2.1. Total income from fees and commissions	1,041,812
2.2. Total expenses on fees and commissions	171,312
3. Net other non-interest income	539,627
3.1. Other non-interest income	639,796
3.2. Other non-interest expenses	100,169
4. Net non-interest income	1,410,126
5. General administrative expenses and depreciation	1,576,201
6. Net operating income before loss provisions	2,166,782
7. Total expenses on loss provisions	651,717
7.1. Expenses on value adjustments and provisions for identified losses	640,447
7.2. Expenses on collectively assessed impairment provisions	11,270
8. Income (loss) before taxes	1,515,065
9. Income tax	298,895
10. Current year profit (loss)	1,216,170

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	5,887,415
2. Letters of credit	618,475
3. Bills of exchange	0
4. Credit lines and commitments	12,727,258
5. Other standard risky off-balance sheet items	300,014
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	19,533,162

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	10,055,878
4. Forwards	15,679,977
5. Other	753,046
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	26,488,901

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

19.09

HPB STAMBENA ŠTEDIONICA d.d.

Praška 5, 10000 Zagreb
 Phone: +385 1/4805-048
 Fax: +385 1/4888-164
 www.hpb.hr

Shareholders

1. Hrvatska poštanska banka d.d.

**Share in share
 capital (%)**
 100.00

Audit firm for 2009:
 BDO Revizija Zagreb d.o.o., Zagreb

Management Board

Dunja Vidošević – chairperson, Jasminka Makarun

Supervisory Board

Čedo Maletić – chairperson, Dubravka Kolarić,
 Mato Filipović

**Balance Sheet
 as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	5,450
3. MoF treasury bills and CNB bills	31,165
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	16,662
6. Securities and other financial instruments held to maturity	44,273
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	57,305
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	21
14. Interest, fees and other assets	17,404
15. Net of: Collectively assessed impairment provisions	1,410
TOTAL ASSETS	170,870

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	125,849
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	125,849
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	19,614
TOTAL LIABILITIES	145,463
9. Capital	25,407
TOTAL LIABILITIES AND CAPITAL	170,870

**Income Statement
 as at 31 December 2009, in thousand HRK**

1. Net interest income	4,848
1.1. Total interest income	7,831
1.2. Total interest expenses	2,983
2. Net income from fees and commissions	2,650
2.1. Total income from fees and commissions	3,105
2.2. Total expenses on fees and commissions	454
3. Net other non-interest income	-630
3.1. Other non-interest income	79
3.2. Other non-interest expenses	709
4. Net non-interest income	2,020
5. General administrative expenses and depreciation	6,352
6. Net operating income before loss provisions	516
7. Total expenses on loss provisions	477
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on collectively assessed impairment provisions	477
8. Income (loss) before taxes	40
9. Income tax	0
10. Current year profit (loss)	40

**Off-Balance Sheet Items
 as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	2,635
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	2,635

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2009**

39.67

PBZ STAMBENA ŠTEDIONICA d.d.

Radnička cesta 44, 10000 Zagreb
 Phone: +385 1/6363-730
 Fax: +385 1/6363-731
 stambena.pbz.hr

Shareholders

1. Privredna banka Zagreb d.d.

**Share in share
 capital (%)**
 100.00

Audit firm for 2009:
 Ernst & Young d.o.o., Zagreb

Management Board

Mirko Brozović – chairperson, Branimir Čosić

Supervisory Board

Dinko Lucić – chairperson, Zoran Kureljušić,
 Dražen Kovačić, Nenad Štimac, Andrea Pavlović

**Balance Sheet
 as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	96,773
3. MoF treasury bills and CNB bills	19,160
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	259,490
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	1,046,427
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	104
14. Interest, fees and other assets	22,181
15. Net of: Collectively assessed impairment provisions	12,271
TOTAL ASSETS	1,431,864

Liabilities and capital	
1. Loans from financial institutions	134,536
1.1. Short-term loans	134,536
1.2. Long-term loans	0
2. Deposits	1,208,780
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,208,780
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	10,000
8. Interest, fees and other liabilities	12,674
TOTAL LIABILITIES	1,365,990
9. Capital	65,873
TOTAL LIABILITIES AND CAPITAL	1,431,864

**Income Statement
 as at 31 December 2009, in thousand HRK**

1. Net interest income	21,261
1.1. Total interest income	71,106
1.2. Total interest expenses	49,845
2. Net income from fees and commissions	9,834
2.1. Total income from fees and commissions	11,294
2.2. Total expenses on fees and commissions	1,459
3. Net other non-interest income	-3,693
3.1. Other non-interest income	-1,730
3.2. Other non-interest expenses	1,963
4. Net non-interest income	6,141
5. General administrative expenses and depreciation	12,669
6. Net operating income before loss provisions	14,733
7. Total expenses on loss provisions	-967
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on collectively assessed impairment provisions	-967
8. Income (loss) before taxes	15,700
9. Income tax	2,573
10. Current year profit (loss)	13,127

**Off-Balance Sheet Items
 as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	1,309
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	1,309

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2009**

117.97

PRVA STAMBENA ŠTEDIONICA d.d.

Savska 60-62, 10000 Zagreb
Phone: +385 1/6065-127
Fax: +385 1/6065-120
www.prva-stambena.hr

Shareholders

1. Zagrebačka banka d.d.

**Share in share
capital (%)**
100.00

Audit firm for 2009:
KPMG Croatia d.o.o., Zagreb

Management Board

Snježana Herceg – chairperson, Katarina Šobat

Supervisory Board

Daniela Roguljić Novak – chairperson, Davor Pavlić,
Danimir Gulin

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	1,889
3. MoF treasury bills and CNB bills	176,419
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	37,013
6. Securities and other financial instruments held to maturity	193,890
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	38,000
10. Loans to other clients	1,426,130
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	1,268
14. Interest, fees and other assets	162,338
15. Net of: Collectively assessed impairment provisions	17,847
TOTAL ASSETS	2,019,099

Liabilities and capital	
1. Loans from financial institutions	113
1.1. Short-term loans	0
1.2. Long-term loans	113
2. Deposits	1,682,015
2.1. Giro account and current account deposits	0
2.2. Savings deposits	2
2.3. Time deposits	1,682,013
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	186,553
TOTAL LIABILITIES	1,868,681
9. Capital	150,419
TOTAL LIABILITIES AND CAPITAL	2,019,099

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	30,107
1.1. Total interest income	89,565
1.2. Total interest expenses	59,458
2. Net income from fees and commissions	18,452
2.1. Total income from fees and commissions	21,043
2.2. Total expenses on fees and commissions	2,591
3. Net other non-interest income	-6,421
3.1. Other non-interest income	2,419
3.2. Other non-interest expenses	8,840
4. Net non-interest income	12,031
5. General administrative expenses and depreciation	13,934
6. Net operating income before loss provisions	28,205
7. Total expenses on loss provisions	-1,110
7.1. Expenses on value adjustments and provisions for identified losses	677
7.2. Expenses on collectively assessed impairment provisions	-1,787
8. Income (loss) before taxes	29,315
9. Income tax	5,940
10. Current year profit (loss)	23,375

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	13,948
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	13,948

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

13.90

RAIFFEISEN STAMBENA ŠTEDIONICA d.d.

Radnička cesta 47, 10000 Zagreb
 Phone: +385 1/6006-100
 Fax: +385 1/6006-199
 www2.raiffeisenstambena.hr

Shareholders

1. Raiffeisen Bausparkasse GmbH

**Share in share
capital (%)**

100.00

Audit firm for 2009:
 Deloitte d.o.o., Zagreb

Management Board

Hans Christian Vallant – chairperson, Franjo Franjić

Supervisory Board

Johann Ertl – chairperson, Zdenko Adrović,
 Christian Ratz

**Balance Sheet
as at 31 December 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	61,090
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	227,954
7. Securities and other financial instruments not traded in active markets but carried at fair value	93,600
8. Derivative financial assets	0
9. Loans to financial institutions	70,000
10. Loans to other clients	1,210,095
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	3,295
14. Interest, fees and other assets	169,709
15. Net of: Collectively assessed impairment provisions	13,345
TOTAL ASSETS	1,822,398

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,518,960
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,518,960
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	50,875
8. Interest, fees and other liabilities	139,876
TOTAL LIABILITIES	1,709,711
9. Capital	112,686
TOTAL LIABILITIES AND CAPITAL	1,822,398

**Income Statement
as at 31 December 2009, in thousand HRK**

1. Net interest income	41,681
1.1. Total interest income	100,992
1.2. Total interest expenses	59,311
2. Net income from fees and commissions	16,265
2.1. Total income from fees and commissions	20,591
2.2. Total expenses on fees and commissions	4,326
3. Net other non-interest income	-8,377
3.1. Other non-interest income	273
3.2. Other non-interest expenses	8,649
4. Net non-interest income	7,889
5. General administrative expenses and depreciation	50,242
6. Net operating income before loss provisions	-672
7. Total expenses on loss provisions	-2,716
7.1. Expenses on value adjustments and provisions for identified losses	-1,067
7.2. Expenses on collectively assessed impairment provisions	-1,649
8. Income (loss) before taxes	2,043
9. Income tax	929
10. Current year profit (loss)	1,114

**Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	5,999
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	5,999

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009**

15.81

WÜSTENROT STAMBENA ŠTEDIONICA d.d.

Heinzelova 33A, 10000 Zagreb
 Phone: +385 1/4803-777
 Fax: +385 1/4803-798
 www.wuestenrot.hr

Shareholders

1. Bausparkasse Wüstenrot AG	68.58
2. Wüstenrot Bank AG	25.63
3. Wüstenrot Versicherungs AG	5.79

Share in share capital (%)**Management Board**

Zdravko Anđel – chairperson, Ivan Ostojić

Audit firm for 2009:

Ernst & Young d.o.o., Zagreb

Supervisory Board

Franz Meingast – chairperson, Marlies Wiest-Jetter,
 Werner Wabscheg, Sigmund Raugust, Rainer Hager

Balance Sheet
as at 31 December 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	20
1.1. Money assets	20
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	12,556
3. MoF treasury bills and CNB bills	68,645
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	17,792
6. Securities and other financial instruments held to maturity	68,920
7. Securities and other financial instruments not traded in active markets but carried at fair value	6,065
8. Derivative financial assets	0
9. Loans to financial institutions	9,000
10. Loans to other clients	1,107,890
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	2,785
14. Interest, fees and other assets	11,542
15. Net of: Collectively assessed impairment provisions	10,985
TOTAL ASSETS	1,294,231

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,177,693
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,177,693
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	35,252
8. Interest, fees and other liabilities	16,365
TOTAL LIABILITIES	1,229,310
9. Capital	64,920
TOTAL LIABILITIES AND CAPITAL	1,294,231

Income Statement
as at 31 December 2009, in thousand HRK

1. Net interest income	39,455
1.1. Total interest income	69,597
1.2. Total interest expenses	30,142
2. Net income from fees and commissions	18,404
2.1. Total income from fees and commissions	18,706
2.2. Total expenses on fees and commissions	302
3. Net other non-interest income	-4,935
3.1. Other non-interest income	1,560
3.2. Other non-interest expenses	6,494
4. Net non-interest income	13,469
5. General administrative expenses and depreciation	45,000
6. Net operating income before loss provisions	7,925
7. Total expenses on loss provisions	1,176
7.1. Expenses on value adjustments and provisions for identified losses	114
7.2. Expenses on collectively assessed impairment provisions	1,062
8. Income (loss) before taxes	6,748
9. Income tax	-4,974
10. Current year profit (loss)	11,722

Off-Balance Sheet Items
as at 31 December 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	9,721
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	9,721

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2009

11.85

Attachment I

List of Banking Institutions by Peer Groups, end of period

Ordinal no. as at 31 December 2009	Name of banking institution and its registered office	Peer group identifier				
		Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009
1.	A štedna banka malog poduzetništva d.d., Zagreb ¹⁾	–	–	–	–	S
2.	Banco Popolare Croatia d.d., Zagreb ²⁾	S	S	S	S	S
3.	Banka Brod d.d., Slavonski Brod	S	S	S	S	S
4.	Banka Kovanica d.d., Varaždin	S	S	S	S	S
5.	Banka Splitsko-dalmatinska d.d., Split	S	S	S	S	S
6.	BKS Bank d.d., Rijeka ³⁾	S	S	S	S	S
7.	Centar banka d.d., Zagreb	S	S	S	S	S
8.	Credo banka d.d., Split	S	S	S	S	S
9.	Croatia banka d.d., Zagreb	S	S	S	S	S
10.	Erste & Steiermärkische Bank d.d., Rijeka	L	L	L	L	L
11.	Hrvatska poštanska banka d.d., Zagreb	MS	MS	MS	MS	MS
12.	Hypo Alpe-Adria-Bank d.d., Zagreb	L	L	L	L	L
13.	Imex banka d.d., Split	S	S	S	S	S
14.	Istarska kreditna banka Umag d.d., Umag	S	S	S	S	S
15.	Jadranska banka d.d., Šibenik	S	S	S	S	S
16.	Karlovačka banka d.d., Karlovac	S	S	S	S	S
17.	Kreditna banka Zagreb d.d., Zagreb	S	S	S	S	S
18.	Međimurska banka d.d., Čakovec	S	S	S	S	S
19.	Nava banka d.d., Zagreb	S	S	S	S	S
20.	Obrtnička štedna banka d.d., Zagreb ⁴⁾	–	–	–	S	S
21.	OTP banka Hrvatska d.d., Zadar ⁵⁾	MS	MS	MS	MS	MS
22.	Partner banka d.d., Zagreb	S	S	S	S	S
23.	Podravska banka d.d., Koprivnica	S	S	S	S	S
	Požeška banka d.d., Požega ⁶⁾	S	–	–	–	–
24.	Primorska banka d.d., Rijeka	S	S	S	S	S
25.	Privredna banka Zagreb d.d., Zagreb	L	L	L	L	L
26.	Raiffeisenbank Austria d.d., Zagreb	L	L	L	L	L
27.	Samoborska banka d.d., Samobor	S	S	S	S	S
28.	Slatinska banka d.d., Slatina	S	S	S	S	S
	Slavonska banka d.d., Osijek ⁷⁾	MS	MS	MS	MS	–
29.	Société Générale – Splitska banka d.d., Split ⁸⁾	L	L	L	L	L
30.	Štedbanka d.d., Zagreb	S	S	S	S	S
31.	Vaba d.d. banka Varaždin, Varaždin	S	S	S	S	S
32.	Veneto banka d.d., Zagreb ⁹⁾	S	S	S	S	S
33.	Volksbank d.d., Zagreb	MS	MS	MS	MS	MS
34.	Zagrebačka banka d.d., Zagreb	L	L	L	L	L
1.	HPB stambena štedionica d.d., Zagreb	–	HSB	HSB	HSB	HSB
2.	PBZ stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB
3.	Prva stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB
4.	Raiffeisen stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB
5.	Wüstenrot stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB

¹⁾ A štedna banka malog poduzetništva d.d., Zagreb began operating on 1 April 2009. ²⁾ Banka Sonic d.d., Zagreb changed its name into Banco Popolare Croatia d.d., Zagreb on 23 April 2007. ³⁾ Kvarner banka d.d., Rijeka changed its name into BKS Bank d.d., Rijeka on 22 August 2008. ⁴⁾ Obrtnička štedna banka d.d., Zagreb began operating on 17 July 2008. ⁵⁾ Nova banka d.d., Zadar changed its name into OTP banka Hrvatska d.d., Zadar on 1 September 2005. ⁶⁾ Požeška banka d.d., Požega merged with Podravska banka d.d., Koprivnica. ⁷⁾ Slavonska banka d.d., Osijek merged with Hypo Alpe-Adria-Bank d.d., Zagreb. ⁸⁾ HVB Splitska banka d.d., Split changed its name into Société Générale – Splitska banka d.d., Split on 10 July 2006. ⁹⁾ Gospodarsko-kreditna banka d.d., Zagreb changed its name into Veneto banka d.d., Zagreb on 6 April 2007.

Note:

L – large bank (share in total bank assets above 5%)

MS – medium-sized bank (share in total bank assets between 1% and 5%)

S – small bank (share in total bank assets below 1%)

HSB – housing savings bank

Attachment II

Banking Groups Subject to Reporting to the CNB on a Consolidated Basis, as at 31 December 2009

Banking group	Superordinate institution	Banking group members
1. ERSTE & STEIERMÄRKISCHE BANK	Erste & Steiermärkische Bank d.d., Rijeka	Erste DMD d.o.o. za upravljanje dobrovoljnim mirovinskim fondom, Zagreb Erste bank AD Podgorica Erste delta d.o.o. MBU d.o.o., Zagreb Erste nekretnine d.o.o., Zagreb Erste vrijednosni papiri Zagreb d.o.o., Zagreb S Immorent leasing Zeta d.o.o. za poslovanje nekretninama, Zagreb Erste factoring d.o.o., Zagreb Erste d.o.o. za upravljanje obveznim mirovinskim fondom, Zagreb IT Solutions d.o.o., Bjelovar
2. HRVATSKA POŠTANSKA BANKA	Hrvatska poštanska banka d.d., Zagreb	HPB-Stambena štedionica d.d., Zagreb
3. HYPO ALPE-ADRIA-BANK	Hypo Alpe-Adria-Bank d.d., Zagreb	Hypo Alpe-Adria-Invest d.d., Zagreb Hypo Alpe-Adria-Ulaganje d.o.o., Zagreb Hypo Alpe-Adria-Nekretnine d.o.o., Zagreb Alpe Adria Centar d.o.o., Zagreb Magus d.o.o., Zagreb Alpe-Adria-Investments d.o.o. Projekt nekretnine d.o.o., Zagreb
4. PRIVREDNA BANKA ZAGREB	Privredna banka Zagreb d.d., Zagreb	PBZ CARD d.o.o., Zagreb Međimurska banka d.d., Čakovec PBZ Leasing d.o.o., Zagreb PBZ Invest d.o.o., Zagreb PBZ-NEKRETNINE d.o.o., Zagreb PBZ stambena štedionica d.d., Zagreb Centurion financijske usluge d.o.o., Sarajevo
5. RAIFFEISENBANK AUSTRIA	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen Leasing d.o.o., Zagreb Raiffeisen mirovinsko društvo za upravljanje obveznim mirovinskim fondom d.o.o., Zagreb Raiffeisen mirovinsko društvo za upravljanje dobrovoljnim mirovinskim fondom d.o.o., Zagreb Raiffeisen upravljanje nekretninama d.o.o., Zagreb Raiffeisen Consulting d.o.o., Zagreb Raiffeisen Invest d.o.o., Zagreb Raiffeisen Factoring d.o.o., Zagreb Raiffeisen mirovinsko osiguravajuće društvo d.o.o., Zagreb
6. SOCIÉTÉ GÉNÉRALE – SPLITSKA BANKA	Société Générale – Splitska banka d.d., Split	SG Consumer Finance d.o.o., Zagreb SG Leasing d.o.o., Zagreb
7. ZAGREBAČKA BANKA	Zagrebačka banka d.d., Zagreb	UniCredit Bank d.d., Mostar Prva stambena štedionica d.d., Zagreb ZB Invest d.o.o., Zagreb UPI poslovni sistem d.d. Sarajevo Poinvest d.d., Split Zagreb nekretnine d.o.o., Zagreb Zane BH d.o.o., Sarajevo Allianz ZB društvo za upravljanje dobrovoljnim mirovinskim fondovima d.o.o., Zagreb Allianz ZB mirovinsko društvo za upravljanje obveznim mirovinskim fondom d.o.o., Zagreb

Abbreviations

bn	– billion
CBRD	– Croatian Bank for Reconstruction and Development
CNB	– Croatian National Bank
IAS	– International Accounting Standards
m	– million
MoF	– Ministry of Finance
ROAA	– return on average assets
ROAE	– return on average equity
CICR	– currency-induced credit risk

